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THURSDAY, SEPTEMBER 12, 1957

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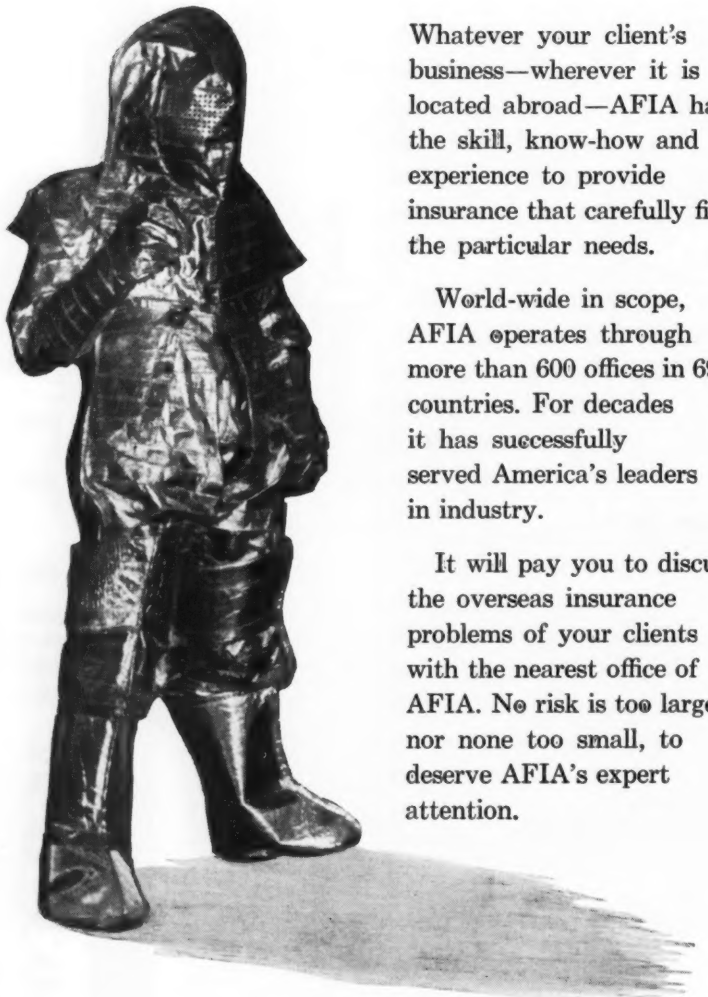

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THE NATIONAL UNDERWRITER. Published weekly by the National Underwriter Company, Office of Publication, 175 W. Jackson Blvd., Chicago Ill., U. S. A. 61st year, No. 37, Thursday, September 12, 1957, $7.50 per year (3 years, $20); Canada, $8.50 per year (3 years, $23); Foreign $9 per year (3 years, $24.50). 30 cents per copy. Entered as second-class matter April 15, 1931 at the post office at Chicago, Ill., under Act of March 31, 1879.

The NATIONAL UNDERWRITER

61st Year, No. 37
Sept. 12, 1957

The National Weekly Newspaper of Fire and Casualty Insurance

Minn. Agents Elect Bachman President, Ledingham In Line

Advertising And Selling Themes Predominate At Brainerd Convention

Edward J. Bachman of St. Paul was elected president of Minnesota Assn.

John Oliphant

Rod V. Hood

of Insurance Agents at the annual meeting in Brainerd last week. He succeeds John Oliphant of Rochester. The convention was marked by attendnace that overflowed the capacity of Breezy Point Lodge, with a record number of wives on hand.

New chairman of the executive committee and indicated next president is Robert G. Ledingham of Duluth. Rod V. Hood, Duluth, was reelected state director, and Robert S. Brown of Rochester was added to the executive committee. M. A. Hewitt is secretary-treasurer.

Allen L. Smith, manager of the

(CONTINUED FROM PAGE 43)

Highlights of the Week's News

Changes At Security

E. Clayton Gengras, president of Fire & Casualty of Connecticut, has been elected president of Security-Connecticut companies succeeding Lester Layman. Peter J. Berry is back with the companies in an official capacity. The old board of directors is out, and a new board has been elected. Announcement of the changes was made by Mr. Gengras.

Crafts, Montgomery Tell Zone VI Meeting Insurer Profits Are All But Forgotten

James F. Crafts, president of Fireman's Fund, and Victor Montgomery, president of Pacific Indemnity, were among the company executives to appear before the Zone VI meeting of National Assn. of Insurance Commissioners in Seattle this week.

Mr. Crafts expressed hope for "a new day" with the "guarantee that no insurance company, large or small will become insolvent or fail to progress through the use of inadequate rates published by qualified rating bureaus and approved by a rate authority; and as well that no investor need face the consequence of inadequate rates as a result of our failure to maintain a successful liaison."

According to Mr. Crafts, "the most important and pressing problem confronting our business is that of pricing our product adequately." The commissioners have agreed, he said, "that we should anticipate an underwriting profit of 5% and as well that there be an allowance of 1% for contingencies.

"An agreed upon underwriting profit generally is not something that should be sought and denied," Mr. Crafts said. "It was never intended that underwriting profits be bargaining figures, with political issues lurking in the background."

He quoted figures for all stock companies nationwide, 1951-1956, pointing out the meager profit margin. "The picture darkens if we review the results of the three years 1954 through 1956, and more so if we consider the year 1956 alone, not to mention the reports to date for 1957."

He stressed the responsibility of the commissioners, in the public interest, to require evidence periodically that rates be properly adjusted up or down to provide the proper profit margin. He suggested "that we free our thoughts of past competitive instincts" and "dedicate ourselves to the task of securing for our respective enterprises adequate rates that, to the best of our ability will produce an underwriting profit to which we are entitled." He said the industry should substitute "good old common horse sense for what at times has been unnecessary scientific and actuarial calculations."

Mr. Crafts proposed that a rating formula be adopted based on experience data by class and for traditional rate review periods, adjusting experience to represent current rates compared to the cost of losses in today's dollars. He said this process should be repeated regularly on all classes at least once a year. To predict future rates judgment use of trend factors would be necessary, he said. In allowing for the expense factor, Mr. Crafts said the determining of "current expenses" to premiums written is essential for setting adequate rates.

Mr. Montgomery prefaced his remarks by stating that "profits in the past five years have been conspicuous by their absence." He said this condition is basically the fault of inflation and competitive pressures. The industry and the commissioners, according to Mr. Montgomery, have felt the item of profit was something to be avoided". The commissioners have been afraid to let the companies make money and the companies have been "ashamed to make a profit," he said. Competitive decisions "have no place in rate making," he said. "The real obligation of the commissioners and the companies is to make sure the industry is buttressed by a sound underwriting profit."

A closed luncheon session was held by the commissioners with company executives. At the afternoon session, Commissioner McConnell of California, summarized the questions discussed at the luncheon. He reported that the following questions were presented: Are premiums adjusting to rate level changes? Are losses computed on a prospective basis? Does every rating bureau have a rating formula—should they be required to establish and use one? Why is there no segregation of expense factors by the bureaus? Is there a fear that one or more expense factors might be delicate or unwise to discuss? How frequently are rate levels reviewed and revised? Are bureaus required to periodically review—should they be? Is there a substantial loss due to policies not taken or cancelled flat—what can commissioners do about it? Should the departments establish fraud bureaus to investigate and aid in prosecution of frauds practiced on insurance companies?

• • •

Why not hold a similar meeting to the Zone VI session at the semi-annual meeting of NAIC in December? Why are there no companies domiciled in Zone VI that are members of the National Bureau?

Commissioner McConnell read a letter from Leland M. Kaiser, president of Insurance Securities Trust Fund, listing inflationary price trends in replacement items. Mr. Kaiser expressed the hope that consideration be given to appropriate changes due in rate making as the result of increased costs.

Charles M. Close, chairman of Inter-Regional Insurance Conference, outlined aims and principles of the advisory organization and explained steps being taken to improve their procedures in compiling loss data for rating purposes. The conference, he said, is working on adjusting the charge made on installment premium payment plans.

L. W. Gilbert, general manager of Pacific Fire Rating Bureau, outlined the progress made by the bureau in developing a system of rate adjustment on a prospective basis rather than the retrospective basis previously used.

Frank C. Colridge, secretary-manag-

(CONTINUED ON PAGE 55)

Commissioners Get Look At Frightful Half Year Results

Data Distributed By Cal. Department At Zone VI Meeting In Wash.

Figures distributed by the California department at the Zone VI meeting this week in Seattle showed that in the second quarter of 1957 the insurance companies doubled their underwriting loss, and as of June 30 the insurers licensed in California showed an underwriting deficit on their national operations of $149,339,785. Surplus at the same time was down $137,791,395. Practically all of the licking was taken by the stock companies, which showed a net underwriting loss of $196,129,102, and a drop in surplus of $100,405,306.

The June 30 figures as to underwriting loss are almost exactly twice as bad as they were March 31, when the underwriting loss was $74,805,648. The 58 mutual companies showed an underwriting profit of $59,073,446, but a loss in surplus of $22,862,382. A summary of the figures presented to the Zone VI commissioners is shown below. A detailed report on each company begins on page 4.

FTC Seeks Supreme Court Review Of Two A&S Defeats

WASHINGTON — Federal Trade Commission has petitioned the United States Supreme Court to review the decision of the federal circuit court of appeals at Cincinnati in the National Casualty case and the circuit court at New Orleans in the American Hospital & Life case. Both involved FTC attacks on the companies' A&S advertising.

FTC contends in its National Casualty brief that the decisions result in their being a "legal vacuum—a no-man's land" which is not effectively regulated either by the states or by the federal government, because the two decisions ruled that FTC had no jurisdiction.

Since the two cases are so similar, the FTC has included the reasons for granting the certiorari writ only in its

(CONTINUED ON PAGE 45)

Summary Of Miserable Six Months

Here are the grand totals for the first six months of national operations of 451 companies licensed in California as prepared by the California department.

	Premiums Earned $	Net Gain or Loss from Underwriting $	Net Gain from Investments $	Decrease In Surplus $
Stock companies	3,181,768,915	—196,129,102	222,824,162	—100,405,306
Mutuals	825,121,392	59,073,446	33,691,021	—22,862,382
Aliens-U.S. Branches	241,136,939	—19,353,293	15,631,020	—9,155,217
Reciprocals	135,518,867	7,069,224	3,834,694	—5,368,490
	4,383,546,113	—149,339,785	276,000,897	—137,791,395

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Sullivan Expresses Concern Over Underwriting Losses

The concern with which the state insurance commissioners view the disastrous underwriting situation of 1956 and the first half of this year was expressed by Commissioner William A. Sullivan of Washington in his address to open the Zone 6 meeting this week at Seattle. He said he hoped the zone gathering would provide a forum to permit an open discussion of the underwriting problems which are largely the result of spirals of inflation. "There can and there must be developed plans through which the insurance business can live with continuing inflation," the commissioner said.

Mr. Sullivan suggested that five year term be abolished. Three years is long enough, he said, and the shorter term gives the companies a chance to get the effect of a rate change with more rapidity.

While commissioners have as their primary obligation the guarding of the interest of policyholders, Mr. Sullivan said they cannot ignore the fact that sound insurance protection can be provided only by sound companies operating on the basis of adequate premium rates. While the recent trend of heavy losses has not yet materially impaired the calibre of the fire and casualty companies, "it would be foolhardy not to recognize that unless the present trend of losses is slackened there is serious danger ahead for both policyholders and insurance companies. It would be equally foolhardy to delay action until the danger point has actually been reached."

Mr. Sullivan suggested a continuation of the industry committee which effected the changes in the term rule discounts, offered as a further procedure along this line the discontinuance of all five year term business, and recommended establishment of a new committee to make suggestions on the automobile underwriting situation.

The industry committee that worked on a term discount has demonstrated its ability to work together and get quick results, Mr. Sullivan said.

He recalled that 10 years ago he wrote Seth Thompson, then Oregon commissioner and president of NAIC, suggesting abolition of the term rule, but apparently the suggestion was not timely, because, "although it created considerable debate, no real construc-

(CONTINUED ON PAGE 54)

Louisville Agents Win Decision On Reporting Municipal Taxes

The Louisville Board of Insurance Agents, which has bitterly opposed the ruling of Commissioner Thurman that the municipal tax be shown separately from the premium of insurance policies, won a decision in circuit court at Frankfort this week which has the effect of nullifying the order indefinitely until its legal aspects are completely threshed out.

Mr. Thurman ordered last May that policyholders be allowed to see how much tax they were paying on their insurance premiums in the various communities. In some Kentucky towns this runs up to as much as 20%. He said it would be required that new filings be made by the companies so that the policies would indicate to insured plainly that he was paying a tax. Subsequently, it is understood, a number of the fire companies made such filings for dwelling and other coverages, the National Bureau companies did so for automobile, and NAUA made some sort or provision to comply. However, the Louisville agents fought the matter up and down the line, filing suit in Franklin county circuit court a few months ago to get Mr. Thurman's order rescinded. Mr. Thurman revoked his order before the issue came to trial, making the board's suit moot. However, Manager George Parker of Kentucky Inspection Bureau said it was his intention to go ahead and comply nevertheless and it seems that the companies intended to carry on with their filings indicating the amount of tax. The Louisville agents then went to court seeking a ruling that any instructions of any insurer, group of insurers, rating bureau, interpretations and bulletins and instructions, filings, and other matter in connection with this situation be declared null and void and dismissed. A ruling to this effect was handed down on Labor Day and affirmed this Monday.

• • •

In the midst of the hassel, it is reported that the Kentucky attorney general issued an opinion to Mr. Thurman that it would be legal and proper to notify insured of the amount of tax they were paying on their premium.

The Louisville board was represented in circuit court by attorney Phil Ardery, whose father, judge J. D. Ardery, heard the case and ruled for the board.

Your Representation . . .

. . . of the Royal Exchange as an Agent will readily identify you with a pioneer Company which more than 237 years ago, helped found Insurance as a business.

The Royal Exchange shares with agents its prestige, traditions, strength, and well-known reputation for outstanding service.

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WRAPAROUND WINDSHIELDS

• • • • Cut For Insurance • • • •

Part I

Windshield Worries
Constant Glass Value
How The Glass Dollar Is Spent
Breakage Frequency

By WILLIAM P. HENDERSON

The wraparound windshield seems to be the most mysterious and misunderstood part of an automobile to most insurance people, and this lack of knowledge appears to apply equally to the executive, the underwriter and the claims man.

For many years, glass claims represented a very small part of the claim dollar, so it was only natural to put it to one side especially when it was profitable. Only since the advent of $100 windshields and then only after the resultant losses from fifteen million cars on the road did it demand consideration. It was brought to a climax in 1956 because it represented an expenditure of new and additional claim dollars in a year when most companies experienced an underwriting loss. The result is that insurance people are now plagued with a new affliction, "WINDSHIELD WORRIES."

• • •

Frankly, the windshield problem has become a very complicated one for the auto insurance industry from every standpoint. Trying to study the facts in a hurry at this late date can result in false conclusions. There are many facets to the problem and unless you have lived with it from the beginning and anticipated to a degree, there is too much catching up to do. For example, breakage frequency is a question mark—it varies in areas, it varies widely in seasons, and the cause of breakage is not fully understood. In addition, windshields have been changing in value—have had area price variations on the product and labor—and trying to determine what percentage of the glass claim dollars has been paid on windshields adds to the confusion. Adjustment procedures vary widely so that windshields with minor damage have been replaced, and cash settlements *without* replacements make for duplicate payment and resultant false loss statistics.

• • •

Companies apparently have thrown glass losses into the general classification of comprehensive. Any attempt to pull out glass figures for a short period does not give a true picture of what the present problem is. Further, they forecast nothing for what the future holds.

In this state of confusion and lack of understanding coupled with increasing losses, the conservative element play safe with the idea: "Let's put a deductible of some kind in force." In effect, they say: "Let's give up insuring $7½ billion worth of glass products in today's automobile"—$4½ billion side and rear windows completely and $3 billion in windshields only partially covered. This is a huge market motorists want covered. It is insurable and salable, especially windshields. Windshield damage is the type of loss that can occur anytime and careful driving cannot prevent breakage. A deductible means an insurance company is treading on dangerous ground. It would encourage a driver to continue to use a damaged windshield that interferes with vision, the key to safe driving, upon which all the related expensive coverages depend.

In this introductory article, let us talk about the broad connection of safety glass with automobile insurance.

The average retail cost of all the glass installed in a car of recent years is about $250. On thirty million cars, $7½ billion worth of this product has

(CONTINUED FROM PAGE 48)

William P. Henderson, president of Henderson Tire Co. of Detroit, heads one of the largest auto glass replacement organizations in the country. He has made the insurance aspects of his business one of his interests, and has contributed to THE NATIONAL UNDERWRITER *previously on such topics as automobile design as it effects insurance losses and premiums, windshield breaks and how and when they should be replaced, etc.*

In the series of four articles beginning here, Mr. Henderson confines himself to several treatments of automobile glass, primarily windshields, pointing up the significance of auto glass as a factor in the loss experience, in contributing to safer driving, and some new considerations that might be taken into account when underwriting comprehensive coverages.

"...and *that's* where Prudential comes in"

says I. W. Rosenberg (l), C.P.C.U., General Insurance Broker, Chicago, shown here with James T. Ritchie, Jr., C.L.U., Prudential Brokerage Manager.

"Ever since I began to emphasize the importance of business insurance among my general clients, my business has been expanding rapidly. And *that's* where Prudential comes in.

"Prudential's very fine sales aid, THE MOST IMPORTANT BUSINESS DECISION OF YOUR LIFE, has aroused a great deal of interest among my clients... interest that I've been able to turn into sales. Prudential's sales promotion pieces, plus the advice and assistance of Prudential's Brokerage Service, have resulted in more sales for me—AND I receive the FULL commission."

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Company Statistics For First Half

Company by company results for the first six months of 1957 as reported to the California department are shown below. The figures are in the same form as distributed by Commissioner McConnell of California to the Zone VI commissioners this week at Seattle. Each company's premiums, underwriting gain or loss, investment income and change in surplus is shown in two lines—the top line the first quarter of 1957 and the second line for the six months.

	Premiums Earned $	Net Underwriting Gain or Loss $	Net Investment Gain or Loss $	Increase or Decrease in Surplus $
Allied	1,032,969	126,468	17,988	98,424
Compensation	2,022,145	94,312	42,910	137,156
Argonaut	1,167,322	71,561	11,821	28,563
Underwriters	2,215,360	26,203	25,488	27,421
Arrowhead	42,416	7,057	2,531	8,422
	96,496	884	5,062	255,946
Associated	2,186,523	—103,832	152,279	—174,983
	4,795,080	—348,101	386,876	— 90,863
Automotive	41,983	— 2,679	9,749	— 20,714
	97,266	— 22,031	19,867	— 26,169
Balboa	778,467	— 75,427	45,580	— 30,005
	1,553,004	—124,211	93,421	— 31,032
Balfour-	86,330	— 81,640	16,629	— 65,010
Guthrie	181,940	—159,920	33,728	—126,192
Beneficial F. & C.	6,568	— 10,981	7,532	1,146
	17,290	— 24,150	14,887	4,932
Cal-Farm	1,322,636	4,971	36,449	8,658
	2,720,413	— 76,458	73,447	43,167
Calif. Comp.	1,984,037	—223,804	74,581	— 6,515
& Fire	4,098,145	—649,376	141,072	—174,023
California	1,041,204	—111,021	132,407	—137,920
	2,101,477	—158,989	225,089	—232,601
California	5,841	— 2,672	2,163	— 555
Physicians'	13,370	— 7,566	4,939	— 2,720
California	420,711	— 45,228	5,054	— 30,139
Union	798,728	— 59,226	10,152	— 78,759
Casualty	921,790	— 17,339	27,731	36,526
	1,797,092	180,991	54,265	229,173
Civil Service	1,067,784	5,653	44,528	— 46,072
Employees	2,177,357	150,125	74,798	60,043
Colonial	498,476	—107,248	11,934	— 81,653
	1,011,773	—131,587	31,241	—101,987
Enterprise	618,225	— 5,959	7,884	— 22,061
	1,306,348	66,396	16,535	17,453
Financial	549,293	— 26,582	21,570	7,080
Indemnity	1,207,118	—136,394	46,902	— 71,787
Fireman's Fund	6,461,875	—185,774	383,977	— 82,133
Indemnity	13,159,109	—720,279	838,514	—129,659
Fireman's Fund	28,829,904	—828,838	911,592	—4,076,769
	58,709,874	—3,213,554	2,751,073	—5,466,652
Founders	2,334,135	—324,211	48,330	—304,693
	4,736,433	—756,395	104,958	—624,242
Guarantee	1,868,720	—472,934	65,838	—343,131
		Not reported		
Harbor	671,567	86,050	26,666	69,665
	1,301,104	83,684	62,003	136,175
Home F.&M.	6,461,875	—185,774	552,662	—172,744
	13,159,109	—720,279	1,153,844	74,349
Industrial Indemnity	7,668,062	456,141	282,297	446,334
	15,523,877	731,864	512,341	596,799
Interstate	733,978	13,830	61,127	2,376
Indemnity	1,570,402	— 83,350	73,759	— 95,900
Loyal	222,567	2,194	1,806	— 197
Automobile	402,953	— 12,808	6,491	— 5,049
Lumber	———	—394	1,831	986
Industries	———	—624	4,552	2,750
Members	61	— 36,848	1,719	4,351
	13,301	— 85,277	6,889	— 30,032
Meritplan	195,887	— 10,474	5,179	— 8,405
	417,356	— 40,326	10,403	— 36,126
Mid-Century	243,586	16,173	16,979	16,004
	490,692	9,562	33,818	19,688
Mission	254,603	— 41,279	6,008	— 37,648
Indemnity	526,137	—101,293	13,131	— 92,412
National	3,807,271	124,146	63,019	892,549
Automobile	7,339,170	233,843	138,621	1,097,229
National Surety-Cal.	———	———	14,542	14,517
	———	———	29,339	28,679
Olympic	1,079,007	—306,179	40,563	—144,963
	2,270,006	—552,107	98,781	—242,802
Pacific	1,210,367	— 20,147	34,486	— 20,783
Auto	2,509,228	—154,248	69,779	—120,846
Pacific	5,228,327	—259,275	101,259	— 37,738
Employers	10,841,768	—478,679	257,212	— 71,070
Pacific	7,234,987	—537,232	329,795	—635,332
Indemnity	15,026,860	—1,860,785	662,235	—1,331,444
Pacific	3,895,488	122,541	317,648	—436,999
National Fire	7,692,810	—371,296	645,932	—1,251,074
Premier	1,767,311	92,492	169,672	—273,477
	3,495,041	71,953	582,542	—778,564
Sequoia	374,586	—136,713	11,116	—131,651
	770,341	—116,020	25,103	— 86,416
Transnational	24,518	—4,784	———	2,937
	88,037	— 7,861	———	6,758
Transport	1,815,848	267,172	55,942	159,286
Indemnity	3,863,133	714,582	119,454	254,166
West	159,354	29,589	— 1,009	29,612
American	325,007	30,758	— 17,104	36,214
Western	287,509	— 48,618	6,824	— 51,736
Pioneer	588,520	— 97,375	17,393	— 95,203
Workmen's	42,051	— 8,194	2,925	1,868
Auto	81,146	— 10,258	7,216	7,582
Zenith	804,816	47,796	20,667	123,887
National	1,582,157	— 28,967	41,655	31,161
Totals-Calif.	97,450,854	—2,748,253	4,161,889	—5,420,791
Stock Companies	194,702,994	—8,914,642	9,550,634	—8,388,929
Aetna Casualty	59,903,950	—6,079,148	2,729,586	—10,645,376
	122,222,729	—8,139,935	5,569,861	—229,481
Aetna Fire	24,623,698	—2,667,119	930,978	—4,593,208
	51,201,309	—4,525,332	1,994,429	305,262
Affiliated FM	1,216,580	133,499	85,555	— 74,435
	2,594,004	26,746	176,274	—120,836
Agricultural	4,271,723	—447,322	248,968	—882,806
	8,643,105	—831,765	468,818	—571,692
Albany	427,751	— 70,754	47,082	—198,106
	909,657	—156,425	89,292	—142,700
Allstate Fire	10,803,288	1,066,225	138,115	527,153
	18,261,668	1,800,438	285,322	1,029,565
Allstate	60,076,999	—915,455	2,509,753	2,122,991
	125,354,088	—3,967,785	4,904,298	4,753,393

	Premiums Earned $	Net Underwriting Gain or Loss $	Net Investment Gain or Loss $	Increase or Decrease in Surplus $
American &	2,227,428	333,482	93,767	323,705
Foreign	5,576,215	—366,413	326,723	—259,234
American	18,674,727	—2,657,670	634,273	—2,507,817
Auto	37,725,884	—6,879,571	1,381,908	—6,315,837
American	2,479,575	—161,239	134,152	—211,817
Aviation	5,187,106	—231,060	296,399	— 79,900
American	1,389,166	— 16,407	30,931	3,330
Bankers	2,842,073	— 77,763	75,230	— 44,004
American	———	———	27,193	— 23,430
Bonding	———	———	49,382	51,782
American	7,851,989	—510,592	366,598	—1,207,454
Casualty	16,425,837	—731,692	679,311	—432,942
American	1,713,500	—176,987	151,590	—225,827
Central	3,457,462	—256,599	274,953	—197,935
American	1,210,620	281,519	103,815	210,888
Credit	2,456,890	606,277	210,472	535,511
American	175,230	79,256	45,569	— 1,195
Druggists	336,384	121,178	100,674	49,532
American	8,374,077	—420,737	420,094	—1,013,221
Employers	17,045,078	—245,541	832,139	113,858
American	3,767,710	—265,452	235,584	—572,153
Equitable	7,579,009	—687,450	578,522	84,896
American F.&C.	7,497,168	—636,118	235,502	—433,446
	15,036,025	—950,987	477,861	—505,752
American	1,601,966	27,593	63,500	— 94,739
Fidelity	3,189,953	209,265	116,172	240,961
American	2,227,428	333,482	93,776	323,705
General	4,503,696	61,675	334,571	876,089
American	2,214,820	—339,977	94,962	—364,282
Guarantee	4,381,741	—632,262	214,982	—451,548
American	3,306,443	—502,355	451,974	—1,940,917
Home	6,608,471	—990,610	829,189	—1,199,984
American	1,742,219	—214,578	93,459	—202,612
Indemnity	3,541,021	—471,828	181,111	—335,243
American	22,042,587	—2,632,797	2,709,108	—8,889,944
Insurance	44,492,636	—3,959,879	4,191,557	—14,564,958
American Live	89,123	27,232	1,484	14,353
Stock	170,623	45,828	2,804	23,676
American Marine	302,135	31,528	40,978	33,083
& General	577,028	— 18,110	65,567	44,436
American	204,966	— 2,604	9,520	13,740
Mercury	440,261	— 32,873	20,505	— 41,950
American	9,295,854	—334,020	319,921	—685,486
Motorists	19,785,796	996,825	686,763	—479,627
American Natl.	1,135,779	—145,932	104,175	—212,175
Fire	2,360,279	—320,757	208,702	—320,939
American	7,890,519	—114,227	713,686	—341,821
Re	15,963,220	— 95,083	1,414,539	1,211,632
American Surety	9,765,622	—672,423	397,855	—744,542
	20,119,297	—2,585,598	944,970	—2,522,846
American Union	771,220	— 59,288	58,720	—207,268
	1,618,254	—133,734	106,141	—207,959
Anchor Casualty	2,623,848	—385,162	80,439	—324,657
	5,240,935	—432,716	163,681	—272,978
Assurance Co. of	1,066,622	—156,896	46,808	—158,100
America	2,258,486	—463,327	93,932	280,487
Atlantic	599,886	— 4,925	38,939	20,400
	1,152,694	—175,538	130,713	— 56,105
Autoplan	108,551	— 16,019	12,251	12,095
	270,723	— 49,261	21,389	— 1,092
Bankers &	2,223,488	—267,075	147,096	—642,066
Shippers	4,504,819	—401,593	278,657	—329,819
Birmingham Fire	702,869	— 86,654	41,229	—156,468
of Ala.	1,442,176	—254,348	185,278	— 62,818
Birmingham Fire	988,008	— 86,902	159,125	— 31,538
& Cas. of Pa.	2,055,868	—212,611	235,142	— 93,343
Boston	8,815,830	—1,583,981	730,829	—3,310,466
	17,725,282	—1,518,700	2,823,382	— 95,033
Buffalo	1,580,888	—303,289	79,510	—259,946
	3,277,853	—845,195	162,631	—681,439
Caledonian	437,649	—171,918	12,531	—179,741
American	854,953	—231,298	40,357	—193,755
Calvert	6,474,889	18,723	403,210	276,173
Fire	12,819,904	772,796	813,699	1,070,990
Camden Fire	4,308,570	—443,248	274,089	—759,243
	8,760,014	—873,501	712,251	—540,875
Carolina	1,011,389	—319,944	34,223	—247,670
Casualty	2,133,069	—377,706	80,659	—267,243
Cavalier	275,446	— 11,977	14,685	2,841
	560,288	— 48,625	33,506	— 15,034
Centennial	1,950,209	—874	113,345	—277,741
	4,051,670	— 66,814	247,949	—157,748
Central	2,171,935	— 74,278	95,950	27,849
National	4,906,630	— 95,944	177,414	33,982
Central	2,530,153	—322,075	98,870	—222,673
Surety	5,143,751	—1,035,953	200,184	—877,024
Century	4,477,036	—484,855	212,797	—372,787
Indemnity	9,309,328	—822,787	430,749	—158,089
Charter Oak	———	———	15,600	9,600
	———	———	33,262	20,262
Christiana	1,106,991	—224,163	54,838	—105,150
General	2,375,775	—356,669	127,988	—202,488
Church Fire	35,653	17,927	37,315	— 52,262
	71,732	59,023	64,655	7,126
Citizens	797,437	— 46,147	46,972	35,707
Casualty	1,688,534	— 34,024	91,422	107,987
Citizens	406,712	7,355	78,226	— 22,607
	820,183	— 4,868	123,931	31,433
Columbia	2,582,179	—359,664	185,220	—465,860
Casualty	4,998,209	—701,985	365,989	—563,117
Commercial	———	———	———	———
	1,615,396	227,967	7,744	61,830
Commercial	2,381,849	136,912	63,888	—108,437
Standard	4,950,351	—214,689	167,093	—144,666
Commercial	819,800	— 85,875	69,789	—193,546
Union	1,653,096	—101,438	123,303	—106,978
Commonwealth	1,488,337	—159,089	93,719	—485,080
Insurance	2,893,043	—336,538	171,585	—404,164
Connecticut	7,175,206	—880,360	543,435	—2,198,456
Fire	14,773,887	—1,523,849	1,121,159	—979,400
Connecticut	2,702,370	—283,435	589,702	—478,242
Indemnity	5,450,796	—1,178,885	1,776,277	—1,085,293
Continental	52,616,363	—454,834	2,181,390	—2,106,417
Casualty	108,984,640	44,479	4,327,646	4,130,476

(CONTINUED ON PAGE 50)

Complete Program For Convention Of Society Of CPCU

The program for the annual meeting and seminars of Society of Chartered Property & Casualty Underwriters to be held in the Waldorf-Astoria hotel in New York Oct. 1-3, has been completed. Eugene A. Toale, associate manager of the metropolitan New York department of Home, will open the convention as general chairman Tuesday morning.

Miss Alice Chellberg of American Mutual Insurance Alliance will discuss "Dual Regulation: It Can Happen Here," and Mr. Richard M. Heins of University of Wisconsin, "The Extension of the Group Insurance Principle into the Field of Property and Casualty Insurance." George V. Whitford, vice-president and western manager of Fire Association, will deliver the critique of Dr. Heins's paper.

The annual business meeting will be held Tuesday afternoon.

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On Wednesday there will be concurrent seminars. Ingolf H. E. Otto of Kansas City, will deal with "Economic Fallacy Involved in Unlimited Access to the Insurance Market, with William R. Kersten, assistant manager of the insurance department of Van Schaack & Co., Denver, and R. R. Swaziek, secretary and general manager of Market Men's Mutual, Milwaukee, doing the critique.

The other seminar has three parts, one on "Changing Concepts in Dwelling Fire Rating Methods," another on "Liability Protection for the Hazards of Libel, Slander, Malicious Prosecution and False Arrest," and a third on "A New Look at the Comprehensive General Liability Policy," handled by representatives of CPCU chapters. The first part will be taken by James A. Cotter of Travelers, Boston, and Ben L. Culwell, executive vice-president of Southwest General, Dallas. The second will be treated by J. Lawrence Finlayson, Camden, N. J., attorney, and the third by Herbert C. Cox of Aldrich & Cox, advisory firm, Buffalo.

At the all industry luncheon Holgar Johnson, president of Institute of Life Insurance, will discuss public relations in a talk entitled "In the Shadow of Public Desire."

The Wednesday afternoon seminar is an innovation for CPCU since it will be open to invited guests, including the press. This one will deal with recruiting, training and management development programs in the fire and casualty field, compared with similar efforts in other businesses.

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The Thursday morning session will cover "Practical Application of Insurance Principles to Your Business." Dr. Irving Pfeffer will present the topic. Discussion leaders are A. H. Criddle of Ostheimer-Walsh agency, Philadelphia; D. M. Witmeyer of Security-Connecticut; A. M. Devroye of Millers National; R. R. Pulton of Poulton & Orr, Oakland; J. P. Schwartz of Schwartz & Nelson, New Orleans; J. O. Felker of the Laclede agency, St. Louis, and Robert A. Hedges of University of Illinois. This will deal with the effect of such things as coinsurance on sales of insurance, underwriting, etc.

That afternoon will be devoted to general discussion, and the meeting will close with a banquet and dance.

N. J. Assn. Elects Franz And Riddle, Endorses Road Aid

New Jersey Assn. of Insurance Agents, at its annual meeting Sept. 5-6 in Atlantic City, elected Henry A. Franz, Clifton, president, and Hugh Riddle, Atlantic City, chairman of the executive committee. Roy H. MacBean, Cranford, was renamed state national director.

Mr. Franz, a past president of Passaic County association, and a member of the New Jersey association executive committee since 1953, succeeds Alan H. Miller, Hackensack, who was named to the committee; and Mr. Riddle succeeds Samuel R. Worthington, Camden. Others named to the committee are Peter E. Wilhelm, Hackensack; Sydney DeRoner, Newark; Ira F. Weisbart, Jersey City; Norman E. Smalley, Plainfield; Robert D. McKee, Rumson, and William H. Paul, Merchantville. Milton H. Grannatt Jr., Trenton, and Robert W. Hutchison, Vineland, were appointed delegates-at-large to the committee.

Alfred C. Sinn, Clifton, a past president, administered the oath of office to Mr. Franz and Mr. MacBean at the luncheon ending the convention on Friday. Mr. Riddle was not able to attend because of illness.

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Approximately 1,500 members, company representatives and guests attended the convention which was one of the largest and most important in the 64-year history of the association. The program was a good one, very well organized by Mr. Riddle, general chairman, and Charles J. Unger, Newark, secretary-treasurer of the association. A special ladies' program was directed by Mesdames Miller, Worthington and Franz.

Mr. Worthington presided at the first general session on Thursday morning. It opened with greetings from Louis Greenberg, president of Atlantic City association, and a word of welcome by Mayor Joseph Altman of Atlantic City. Reports were given by President Miller, and the chairman of the finance, fire and allied lines and education committees. New officers were then nominated and elected.

In the afternoon, the second general session, Mr. Miller presiding, included reports by the chairmen of the public relations, legislative and accident prevention committees, and a report on the safe driving award citation program. In reply to a telegram received from Gov. Meyner of New Jersey, requesting aid in the fight for safe driving in the state, the association adopted a resolution pledging its assistance. It also adopted a resolution reiterating support of the NAIA advertising program.

Following the committee reports, Mr. MacBean reported as state national director. He said it is expected that the federal flood indemnity program which failed to pass Congress this year may be more successful next year since the recent catastrophe on the gulf coast, which emphasized the need for such a program. About the merger of Multiple Peril Insurance Rating Organization and Inter-Regional Insurance Conference as Multi-Peril Insurance Conference, he said the move should bring some very desirable changes and order out of the "rather chaotic conditions in the dwelling insurance field." Also, he urged association members to report immediately to both state and national headquarters all cases involving special group deals or combinations of coverages offered on a group or quasi-group basis. He cited the result in the recent Dairy Queen case as a good example of how well and how fast "our organizations can get to work on a national problem of this type."

Mr. MacBean then participated in a panel, "Manual Magic," with Herbert D. Young, Newark special agent of America Fore, and Paul S. Parris, Newark resident vice-president of Fidelity & Deposit. The panel was aimed at giving the agents present pointers on various coverages, including auto BI and PDL, workmen's compensation, homeowners, business interruption, and bonds, usually not found in

(CONTINUED ON PAGE 59)

VICE PRESIDENT AGENCY DIRECTOR $20,000

Company housed in southern part of country, (ideal climatic conditions).
Company specifications: age to 45, minimum ten years Home or large Regional Office, managerial sales experience. Background with recognized **DIRECT WRITING Automobile-Fire company mandatory.** Must have extensive managerial record directing activities large productive staff of Salesmen.
Duties: Organize and establish Production Department. Will hire own executive staff to administer recruiting and training program.
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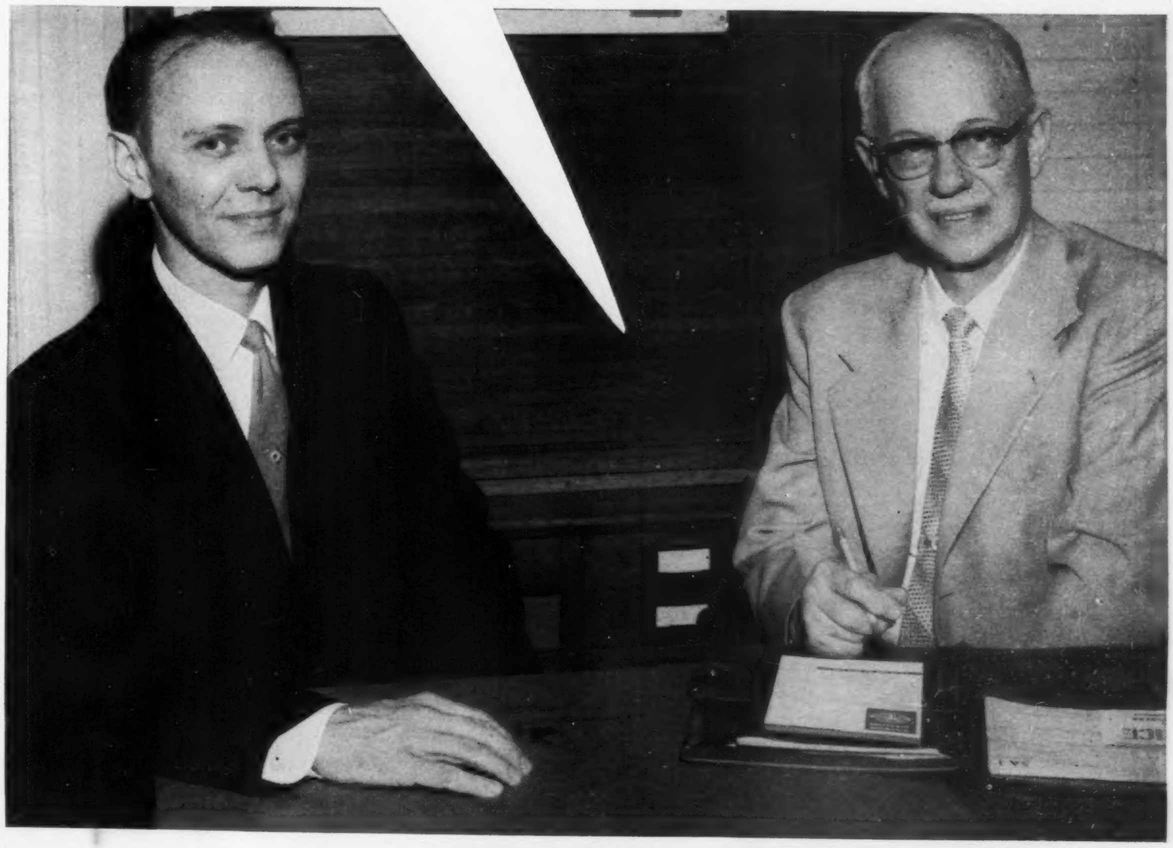

say Roger E. Webb (left) and Roger G. Webb Mt. Vernon, Illinois

"Just when we thought we were going to lose all our business to the direct writers, along came SAFECO—and saved our automobile customers. In fact, since we started with SAFECO, over three years ago, we *rarely* lose a customer to competition.

"SAFECO has snowballed with us: each new customer passes around the good word about our competitive rates and broad coverage. And with the Company sharing the cost of advertising, we've been able to maintain a newspaper ad campaign. This has resulted in a stream of new customers coming to our office for SAFECO Insurance!

"With collections eliminated by direct billings—plus all the other SAFECO advantages—*no wonder* we call SAFECO an Agent's 'Cinderella' dream come true!"

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Dallas Grand Jury Sees BenJack Cage As Subpenas Pile Up

BenJack Cage, president of the now-defunct ICT of Dallas, has appeared before Dallas county grand jury and, with Bruce Jones, Los Angeles public relations man who worked on ICT promotions, has voluntarily submitted to a lie detector test. Results of the tests were not disclosed.

Mr. Cage, who is under indictments charging embezzlement of $600,000 while he was ICT president, has also been handed subpenas requiring him to appear before Travis county grand jury and the general investigating committee of the Texas house of representatives. He will appear Sept. 16 before internal revenue agents in Dallas in connection with federal tax liens totaling $260,000 filed against him and Jack Cage & Co., management firm for ICT, and has also been directed to confer with Renne Allred, attorney for the ICT liquidator, in Dallas Oct. 7.

S. D. Agents Elect Assman President, William Wolner V-P

South Dakota Assn. of Insurance Agents at the annual meeting elected William Assman, Winner, president; William Wolner, Huron, vice-president, and Ray M. Engel, Valley Springs, treasurer. Henry Deschmer, Aberdeen; A. A. Remmele, Chamberlain, and Marvin P. Jepsen, Rapid City, were elected directors, and Herbert Thrall, Huron, was appointed state national director. G. E. Ahern, Sioux Falls, was appointed Midwest Territorial Conference representative, and A. S. Avery, Huron, was named executive secretary.

Luncheon speaker on the convention's opening day was Commissioner Mitchell, who detailed revisions in the state insurance code. Ivar Aas, Home, reviewed "What Field Men Expect of a Local Agent," and J. E. Cryan, America Fore group, discussed the special farm survey and rating plan.

Other speakers were Gordon T. Refoy, Western Adjustment, Chicago, who explained recent changes in adjusting procedure, and Paul H. Jones, local agent of Tucson, Ariz., and a member of the executive committee of National Assn. of Insurance Agents, who reviewed national association developments.

Great American Group Surplus Off, Assets Up

Assets of Great American group, increased $6,544,875 in the first six months and stood at $393,687,801 June 30.

Policyholders surplus, however, was off $7,353,448 to $217,236,659. Unearned premium reserve increased from $99,838,191 to $107,712,668.

On an individual basis, Great American assets were $258,696,208, compared with $255,590,007 the end of last year. Policyholders surplus was $158,300,712 as against $162,398,018, and unearned premium reserve $69,528,335, compared with $65,121,735.

Assets of Great American Indemnity rose to $76,806,790 from $74,635,948, during the first half. Policyholders surplus declined to $25,416,798 from $27,810,620, and unearned premium reserve rose to $20,812,072 from $18,433,596.

Jeffers Named Assistant To President Smith Of Continental Casualty

Donald E. Jeffers has been appointed by Continental Casualty as assistant to President J. M. Smith. He joined the company as administrative assistant in 1956, and has been assistant comptroller and assistant secretary. Previously he was a certified public accountant with Lybrand, Ross Bros., & Montgomery.

Donald F. Jeffers

Allstate Engaged In "Greatest Sales Drive"

The current issue of *Aim*, the employe magazine of Allstate, says the company is in the midst of "the greatest sales drive in the history of the insurance industry."

The sales campaign began at the end of July with advertising in *Life, Saturday Evening Post* and *Readers Digest*, as well as inserts in several Sunday supplements. The climax of the advertising is to be Allstate's sponsorship on network television of "Playhouse 90," which reaches an average of 11 million homes and 25,300,000 viewers each week. The magazine ads are expected to reach a total readership of 80 million and the newspaper supplements 105 million persons.

Dexter Whittle & Co., Seattle local agency, has moved to new offices in the Northern Life Tower.

Strength you can depend upon

When your clients' shipments are insured through the Marine Office of America, the resources of its outstanding member companies—listed here—stand behind that protection. Could any shipper ask for more?

- ★ The American Insurance Company
- ★ The Continental Insurance Company
- ★ Fidelity-Phenix Fire Insurance Company
- ★ Firemen's Insurance Company
- ★ Glens Falls Insurance Company
- ★ The Hanover Fire Insurance Company
- ★ Niagara Fire Insurance Company

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25.5% Mass. Auto Rate Hike Proposal Gets Opposition

Casualty insurers writing business in Massachusetts have indicated they will file for a 25.5% increase in private passenger automobile liability rates in 1958. The boost would raise premium revenue approximately $15 million.

In particular, class 2 surcharges would be increased from the current 55% to 100% over the basic premium. The companies contend that drivers under 25 "proved to be more costly and destructive in 1956 than in 1955," and that the frequency of claims involving under 25 drivers climbed to nearly three times what it was in 1955.

Substantial increases would also be made in truck, bus and other commercial vehicle rates.

Commissioner Humphreys said it will most likely be the middle of October before he rules on the company figures, and subsequent to that a public hearing must be held, he said. Earlier this year, the companies were granted a 22% hike in rates after the state supreme court overruled disapproval of the boosts by Mr. Humphreys.

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Massachusetts compulsory auto liability insurance rates being the political "football" they are, reaction to the proposed increases was swiftly forthcoming from members of the state legislature and other state and city officials.

State Sen. Canavan has called on the state's motorists to bombard Mr. Humphreys with letters opposing approval of the hikes. "I think this would be a very effective way of fighting the increase," he said. Sen. Corbett, a member of the legislature's special compulsory automobile insurance investigation commission, declared the group would if necessary use subpoena power to uncover what he termed "the real story" behind the proposed boosts. He said he would demand a factual accounting from the casualty companies and that they show financial statements pertinent to loss expenses and profits.

"It's about time somebody started waving a red flag at the insurance companies," he said. "The new proposed rates are ridiculous."

Snohomish, Wash., Agents Elect G. H. Petershagen

Snohomish County (Wash.) Assn. of Insurance Agents has elected George H. Petershagen president; Dean Carpenter vice-president; Alvin Petershagen treasurer; A. J. Rae secretary, and Arthur W. Greene and Robert Doublas trustees.

Singer Joins WAB

Thomas T. Singer has joined the staff of Western Actuarial Bureau at Chicago. He has been with Fire Insurance Rating Bureau in Milwaukee since 1953. Mr. Singer is a graduate of Illinois Tech in fire protection engineering.

DETROIT BRANCH MANAGER—Stock, Fire & Casualty Company—Emphasis on Casualty—Have fine existing agency plant. Supervise production and underwriting. **$8,500.**

CLEVELAND—UNDERWRITING & PRODUCTION MANAGER—Ohio & Ky. Inland Marine Only. Must have 8 to 10 yrs. experience—old line stock company with heavy Inland Marine writings. **$7,500.**

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Insurance Federation Of N. Y. Fetes Press, Sets Annual Luncheon Plans

Insurance Federation of New York last week entertained representatives of the insurance press at a luncheon at the Drug & Chemical Club in New York City. Coincident with the luncheon a committee met to complete plans for the annual luncheon to be held at the Waldorf-Astoria hotel Nov. 7. Joseph A. Neumann, Jamaica, N.Y., agent, is chairman, and Clarence A. Borst of U. S. Casualty, vice-chairman of the committee. Russell Edgett is secretary.

J. A. Stafford Appointed N. Y. Brokerage Manager Of New Hampshire Fire

New Hampshire Fire has appointed J. Anderson Stafford manager of the brokerage and service department in New York City. For the past 12 years he has been with the Tuttle, Pendleton & Gelston agency of Brooklyn. Prior to that he was with Home and Merchants Fire.

Aetna Casualty Promotes Van Nuise To Indianapolis

Robert W. Van Nuise has been appointed assistant manager of Aetna Casualty at Indianapolis. He succeeds Alanson Crandall, who has become manager at Des Moines.

Mr. Van Nuise joined Aetna Casualty at Newark in 1939. He subsequently was transferred to Syracuse and in 1953 was promoted to superintendent of underwriting there.

The Junior Fire Marshal Program...

A heart-warming good will builder for Hartford Fire Agents everywhere

Local agents of the Hartford Fire Insurance Company are making names for themselves in communities all over the country.

In all these places, they're recognized as men who are really "doing something" to make their home towns safer places in which to live.

Just what are they doing? Sponsoring a public service activity that was developed for their exclusive use—the Junior Fire Marshal Program, now in its Tenth Anniversary year.

More than 3,000,000 boys and girls of grade school age took part in the Junior Fire Marshal activity last year alone. This kind of instruction, they discovered, was unlike anything they'd ever known before—it was *fun*. They loved it!

Thousands of teachers too, are enthusiastic. And civic groups, fire officials and community leaders are unreserved in their praise of what they regard the most extensive fire prevention and safety education program ever presented to children.

Hartford Fire Agents look upon the Junior Fire Marshal Program as an opportunity to demonstrate their traditional interest in the welfare of their neighbors and communities. As for its value to the agents themselves, one of them aptly sums this up in the statement: "Money could never buy the good will and advertising that the Junior Fire Marshal Program has brought."

Want to find out more about the Junior Fire Marshal Program? Ask your Hartford Fire fieldman for details. Or write us direct: Hartford Fire Insurance Company, Hartford 15, Connecticut, Dept. FNL.

Year in and year out you'll do well with the

HARTFORD
FIRE INSURANCE
COMPANY

The Navy had kept its eye on Jane. But when the flash came, "JANE ARRIVING OSAKA 1100 HRS"– there was no stopping her!

In four hours she wrecked a mission house, smashed three automobiles, destroyed a motion-picture theater, a warehouse, two oil tanks, and to top it all – drove a boat into a loading dock, demolished the dock and breached a sea wall!

As you may have guessed, "Jane" was the curiously gentle name the Navy gave to an advancing typhoon!

It was a severe blow to property owners – but not to those who sustained the damage above. Their claims were paid on the spot. They recovered every cent – because they had *American* insurance.

Their policies had been handled by brokers in various parts of the U. S., through American International Underwriters. The brokers needed no special knowledge of Japan. They simply obtained the same kind of information they would for domestic risks. AIU specialists drew up the coverage required.

Such policies are subject to U. S. courts. Yet they conform to every law and insurance regulation of the foreign country concerned. Special problems are met. Language and terms are American, understood by your client.

Claims action is *on the spot.* Payment is prompt, and in the same currency in which the premium is paid. This includes U. S. dollars where local laws permit.

Many brokers are passing up valuable opportunities to enrich their portfolio – simply because they *do not realize how enormously the U. S. foreign risk market has grown.* Such risks are now found in every U. S. business community. The first prospects to check are your own accounts. The results may surprise you!

Remember, you don't have to be an expert to handle foreign risks. Bring them to AIU – and AIU is your expert! For full information and literature, write to Dept. X of the AIU office nearest you.

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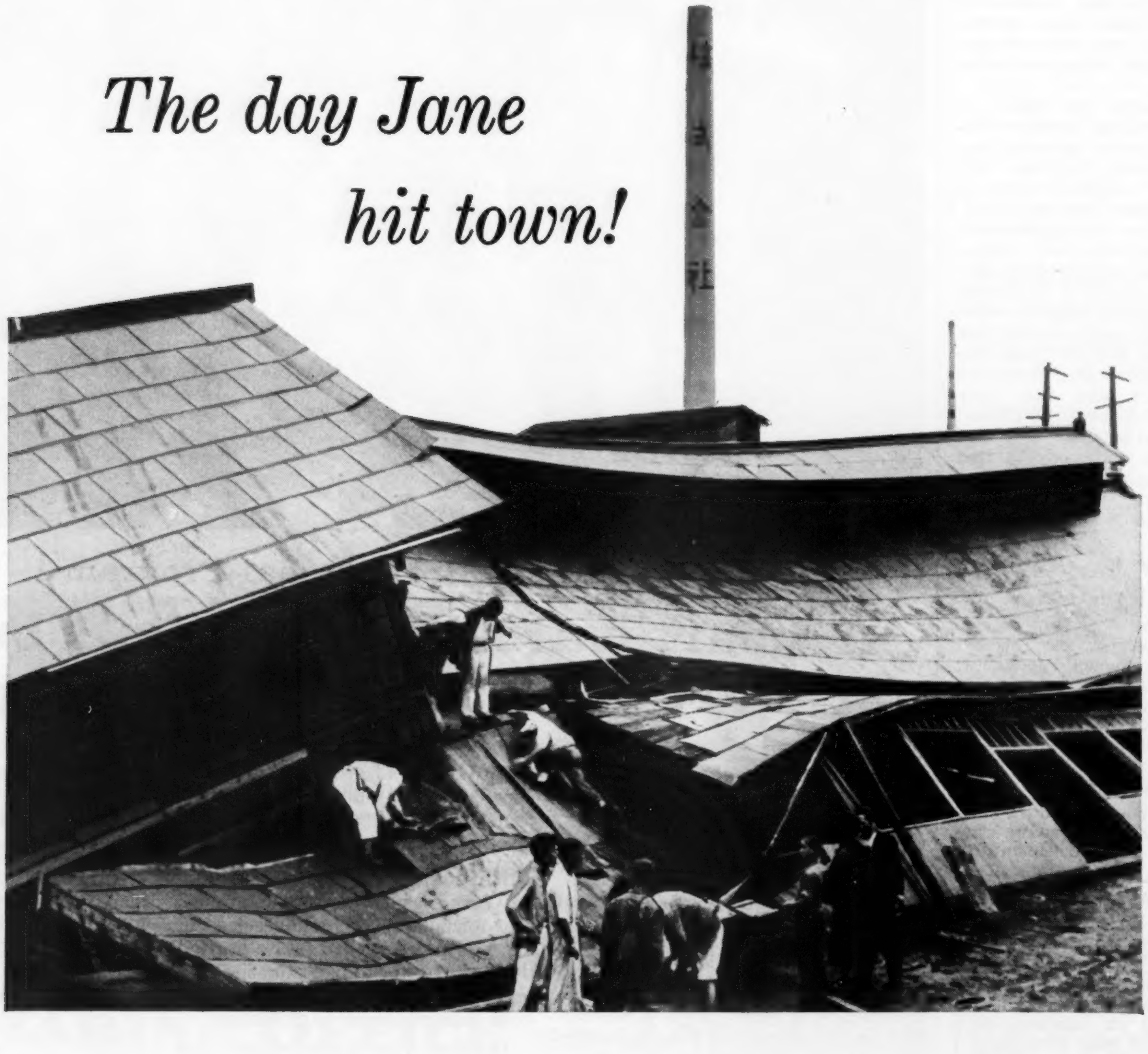

NAIA Holds Early Fall Convention

Liaison Of Agents, Insurers Proposed To Watch Relations

AIA To Vote Next Week, NAIA To Be Represented By Executive Unit, Battles Says

A proposal will be acted upon at its meeting next week by American Insurance Assn. to establish a permanent committee of top insurer executives to confer with National Assn. of Insurance Agents on matters concerning company-agency relationships, Robert E. Battles of Los Angeles, retiring president of NAIA, told the first general session of the NAIA convention in Chicago.

The counterpart committee in NAIA would be its executive committee, Mr. Battles pointed out in his administration report. The purpose of the AIA-NAIA committee would be this one only, of conference on issues bearing on company-agency relationships. It would consist solely of top level personnel, would be organized to maintain inherent continuity of personnel, and would distribute information of information developed at the conferences.

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The idea of a top level conference committee of company executives and agency leaders grew out of the 1954-55 administration of Kenneth Ross of Arkansas City, Kan., Mr. Battles said. That administration became increasingly aware of the problem, which arose in different guises and different places, of poor communication between companies and their sales force. The present administration took up the problem and attempted a solution. Officers and executive committee members throughout the administrative year have traveled thousands of miles and spent uncounted hours in face to face conferences with company presidents and senior executives over the country.

In connection with this development, Mr. Battles emphasized the importance of continuity in problems of this and other sorts, and therefore the worth to agents of their association. Problems in the business rarely reach severe stages overnight. NAIA is well enough organized and sufficiently informed that it learns of such matters early in their development, and they are invariably placed upon the agenda of the executive committee for continuing treatment. The association thus accumulates a vast stock of information upon which to act when the time comes.

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He also called attention to the fact that NAIA has refused to be drawn into public debates, name calling or finger pointing during the year. It carefully avoided such situations, even though sorely tempted at times. The reason was the firm conviction that this side of the industry must present a united front founded on close mutual understanding if it is to

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The retiring and incoming presidents of NAIA: Robert E. Battles of Los Angeles, Louie E. Woodbury of Wilmington N. C., the new president, and George E. Hanson, executive Secretary and general counsel of NAIA.

Gird To Push Advertising Program To Goal By Year End; Ways, Means Discussed

The big topic of discussion at the NAIA convention in Chicago was the proposed national advertising program built around the Big I. There had been enough response by Sept. 9 to be encouraging, with more than $500,000 in or pledged, but not enough to guarantee its success. Consequently, much of the attention of NAIA leaders over the country was devoted in Chicago to the problem of pushing it to an effective conclusion.

The original target date was around Sept. 1, but this now has been changed to Dec. 31. It is understood that the program will be launched with $1 million, but NAIA is striving to get in a good deal more than that by year end. The big push will be in the next few weeks as many of the state associations hold their annual conventions. It was brought out in the discussion that the ideas are still the property of Doremus & Co. and must not be used by state and local associations in their advertising programs until NAIA buys them.

Alan H. Miller of Hackensack, N. J., and Franklyn E. Schaffer of Doremus & Co., the New York advertising agency that has been providing the professional advice and promotion of the program, explained the situation to National Board of State Directors Tuesday.

Mr. Schaffer pointed out that in recent months the direct writers have stepped up their advertising—they are winning the advertising battle by default. He emphasized what the contributing agent will get in way of tie-in material before any advertising appears. This includes mailing pieces, a booklet on how to use the tie-in material, newspaper mats for tie-in advertising, radio commercials for local use, outdoor ad copy, book matches, *Reader's Digest* articles of interest to home owners with reprint of the Big I advertising, key cases, window display pieces, etc.

Mr. Miller said that at date of the NAIA convention five states had not okayed the first collection letters and had done little on the campaign but most of them plan to take up the matter at their fall conventions. Fifteen state associations will feature the ad program on their conventions; 200 slide films presenting the story of the program are in use over the country and have proved quite effective.

In the last two or three weeks the second collection letter has gone out to members of state associations that okayed its sending and returns from that letter show it is effective, Mr. Miller said.

"We are well on our way and are sure the goal will be reached," he stated. The figures are not complete, but more than $500,000 in cash and pledges were in as of Sept. 9. The score, not up to date, was New York $50,000, California $41,000, Louisiana $31,000, North Carolina $25,000, etc. Louisiana led in percentage, with the Carolinas close.

If 75% of NAIA members contribute the average dollar contribution up to date, $80, the $2 million goal will be reached, he said. He urged each agent to get three other agents to contribute. Workers are needed in every area and town. Stronger emphasis should be placed on the fact that non-contributors will not benefit from the campaign. Past presidents of boards and associations can help, state association magazines should play it up with listings of members who have contributed, etc., and state association secretaries can be of real help. This is, he said, a form of insurance for the local, independent agent at a ridiculously low price.

Morton V. V. White of Allentown said the Pennsylvania campaign, which got under way late, enlisted in the cause agents who can sell and divided them up into teams to conduct a real promotion effort throughout the state. As a result the state's contributions went quickly from $9,000 to $26,000 and the movement is beginning to roll. It is no different from any other drive, he said.

R. S. Brantley, executive secretary

(CONTINUED ON PAGE 10)

Parley Draws Fewer Than Usual, Elects Woodbury President

Sales, Agency Continuity And Advertising Comprise Big Share Of Program

By KENNETH O. FORCE,

JAMES C. O'CONNOR,

BERNARD P. McMACKIN Jr.

The annual convention of National Assn. of Insurance Agents in Chicago drew a smaller attendance than usual, about 1,600, compared with 1,900 to 2,100 in recent years. This was at least partly due to the earliness of the dates, which coincided with the opening of school in many areas of the country. Consequently, many wives and undoubtedly a number of agents did not attend who might customarily have done so.

However, aside from the national advertising, the program of the convention as a whole did not present any critical or controversial issues. Most of it was built around the workshops on sales and agency continuity and vitalization.

But the real drama this year is with the companies, which are bleeding red ink, and while there were sympathetic references to insurer problems in some of the talks at the agents' convention, it was obvious that the agents themselves are not suffering in that way. News of the companies' difficulties and efforts to ease them was reflected in corridor and headquarter conversation. Rumbles could be heard of the situation in New York, where the automobile insurers have asked for badly needed, substantial rate increases, where the department has declined to approve anything but a nominal rise, and where, as a consequence, commissions are being discussed as they were in Massachusetts 30 years ago.

Louie E. Woodbury of Wilmington, N.C., was elevated to the presidency of the association, to succeed Robert E. Battles of Los Angeles, who, in spite of a bad cold, did a highly competent job in administering a large, complex and time-pushed program.

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Joseph A. Neumann of Jamaica, N.Y., past president and head of the special auto committee for several years, was presented the Woodworth memorial award for outstanding service to the association. Florida won the Sparlin cup and New Jersey the Bowen public relations award. Nevada won the Connecticut membership cup. The Bennett award, presented for the first time, went to Modesto, Cal.; the attendance prize to Ohio, and the mileage cup to Florida.

National Board of State Directors voted to incorporate the association. As Mr. Battles pointed out, this step was considered advisable in view of the increase in amount and variety of NAIA activities. George R. Cross, assistant general counsel, described the advantages of incorporation, which, in addition to limiting the liability

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Bureau Auto Class Plan Has Improved Its Market Status

Cahill Predicts Readier Market For Poorer Risks As Each Class Pays Own Way

A classification plan that measures important differences in hazard between risks is essential if the stock agency companies and their producers are to be able to compete with the specialty companies for preferred classes of risks and also be able to provide a market for the more hazardous risks from the underwriting viewpoint, James M. Cahill, secretary of National Bureau of Casualty Underwriters, told the rural and small lines agents' breakfast during the annual convention of National Assn. of Insurance Agents in Chicago.

James M. Cahill

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For example, he said, in many states the present rates for classes 1A and 1B differ by only a dollar or two from the rates in effect five years ago for class 1—despite the effect of inflation and the several rate revisions in the various states. Thus, because of the introduction of a six classification plan in lieu of the three classification plan in effect in 1952, it has been possible to establish rates for the large number of risks classified 1A or 1B which are not much higher than those risks paid five years ago. This is important in a competitive market because these risks comprise more than 75% of all private passenger car risks.

The market situation has improved since the introduction of the six classification plan, he said—particularly because of the changes made in rate relationships which are designed to make class 2 risks, as other classes, pay their way and not be subsidized by other classes. When underwriters are convinced that classes 2A and 2C are adequately rated on the average, there should be much less reluctance to write these as new business.

Yet, he added, classification is not over-refined. National Bureau has only six classifications for private passenger cars plus three comparable ones for farmers. Many specialty companies which can control the selection of business through captive agents use more than six classifications. One specialty company, for example, has 14 classes of private passenger cars and eight comparable classes for farmers.

The present classification plan reflects the principle that the different rating elements should be factual in character and easy to determine.

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The present classification plan has been in effect sufficiently long to accumulate a substantial volume of experience indicative of the proper rate relationships between the classes. Occasionally, producers have questioned the logic of having class 1B rated higher than class 1A in urban areas; whether there should be a class 1C and whether it is not rated too high, and whether the high rate relation-

(CONTINUED ON PAGE 24)

Tells How Agents Can Meet Direct Writer Competition

Harold R. Silvey of Los Angeles, who has spent five years with a direct writer and five years as an independent agent, gave the sales workshop of NAIA a sharply critical picture of the direct writer and its captive salesmen. However, he warned agents not to kid themselves—this is a war of survival, and feather dusters will not win the battle.

There are many weaknesses inherent in the direct writing method, he said. The direct writer policy buyer attempts to diagnose his insurance needs and hopes that the direct writer hand-me-down policy will fit. Quite often he doesn't learn that he has cut the pants too short until it binds him in the crotch. As the direct writer peddler has only policies issued by his company to sell, he becomes a party to this sort of misfitting.

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Recently several large billboards were put up by a prominent direct writer, advising the public to phone directly into its office for low cost auto insurance. This might be called direct direct writing, Mr. Silvey said, for it even eliminates the direct writer's own salesman. They didn't like that at all, and one became so incensed he quit, without notice, to go back to selling cemetery lots.

Direct writers, he said, are by no means paragons of efficiency. They have their share of inefficiency and political intrigue. They differ somewhat in production methods. One has both full-time and part-time agents. The part-timers are a particular scourge on the innocent public, he declared, for they sell insurance on the side to make a fast buck and get out. They usually quit after they have sold their relatives and friends. They do not care two cents about the buyer.

Another direct writer has only full-time "captive clerk-peddlers." They sell over the counter, door to door, and catch as catch can, he declared. They are hired to sell and nothing else. There is no personal service after the sale. "This captive is filled with tape recorded sales talks and then flogged into making stiff sales quotas. Though well paid, these salesmen leave the direct writer in droves, mainly because they cannot stand the pressures."

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Another direct writer has captive salesmen it calls independent agents, but they are not independent of the company's domination and control, "but are merely independent to starve," he said.

Another company is a semi-direct writer since it obtains its business both from captive salesmen and independent brokers. This insurer has a sizable account in the home office for special friends who can thus buy super-super direct. This sort of thing naturally leads to many conflicts of interest. When a broker moves a piece of business from this company, it often sends its captives right in to try to retain the business.

For the most part, the balance of the direct writers deal only through their own full-time salesmen.

Mr. Silvey suggested ways to meet direct writer competition:

Price—many agents fall into the trap of trying to meet the direct writer on his own ground. There is no common denominator to make a price comparison mean anything. The proper and full service of insurance today is as technical as the practice of law. The agent must inject into any discussion of price the worth of his own services, before, during, and after the sale. To the direct writer, he said, insured is a file number. To his agent, he is John Jones, an individual with particular problems and insurance needs. The agent must show that a quality service and product cannot be bought in the bargain basement.

Another way to meet direct writer competition is to tell the story of the independent vs the captive agent. No direct writer has ever made any claim, Mr. Silvey believes, that its captive salesman is in any way insured's representative.

On a question of coverage intent, a direct writer salesman, thinking of his pension right, might tend to lean to the company's interest rather than insured's, he suggested. The local agent can make local claim service a potent reality by giving it. Mr. Silvey recalled that a number of years ago a direct writer advertised: "Wanted—Claims man who can settle 3rd party claims at 50 cents on the dollar and will work for $200 per month."

Direct writers all are suffering from climbing loss and expense ratios, Mr. Silvey said. This is not their exclusive right. But they have another worry, high turnover of salesmen. Some direct writers have 100% annual turnover in some areas. In his area, he said, many of the outstanding agencies are composed entirely of direct writer captives.

Byrne Succeeds Lederer As Midwest Conference Head, Much Ground Covered

B. W. Hopkins, Des Moines, steered the Midwest Territorial Conference of National Assn. of Insurance Agents through a full and productive session during the NAIA meeting in Chicago without waste of time and adjourned it on schedule. The session, among other things, marked the final report of E. L. Lederer, Chicago, as chairman of the conference committee. Mr. Lederer, who closed his report with a sincere plea for agents to understand and support their companies during these trying days, was given an ovation for his three years of outstanding service.

R. M. Byrne, Omaha, was appointed to succeed Mr. Lederer as conference committee chairman, with H. W. Mullins, Rockford, Ill., as vice-chairman and G. A. Timm, Kenosha, Wis., secretary. A. H. Case Jr., Marion, Kan., continues as chairman of the farm conference subcommittee, with C. D. Friday, Osceola, Ia., as vice-chairman.

Reporting on the last conference with company representatives, Mr. Lederer said that the agents had the smallest agenda in a number of years, many old matters having been closed. Some requests of agents were clearly impossible of consideration now, due to the bad underwriting situation, such as inclusion of vandalism and sonic boom protection in extended coverage. The companies are still opposed to the agents' ideas on multiple company policies, either an agency policy in which company names could be filled or a subscription type policy, but did promise to study the matter of agency reinsurance and hope to come up with a workable plan which will enable an agent to write a large risk under a single policy.

The agents got replacement cost coverage broadened to permit relocation of schools, churches and public buildings after loss, but the companies would not go along with other suggestions for broadening the cover. The companies showed no interest in superior risk treatment or multiple location credits for public buildings, despite the hot competitive situation, particularly with Factory Mutuals. Neither were they receptive to the proposal to require statements of values on agreed amount covers only on expiration, in case of term policies, insisting that annual reports, regardless of policy term, are essential to get insurance to value.

On the credit side, Mr. Lederer expects that an enabling rule which will permit published rates on unprotected suburban property will be in force in most states soon. On the problem of multiplicity of loss drafts, particularly where a large risk, insured in many companies, has a small loss, the company representatives said they had no objection to an adjustment bureau issuing a single draft and apportioning the loss among the companies involved. Both Western Adjustment and Underwriters Adjusting answered complaints about the detail and time involved in settling business interruption losses with the statement that any such loss is inevitably complicated and cannot be settled properly without requiring much detail, even though a particular loss is not large. The companies cannot do anything about not including mortgagees as payees in small loss drafts, because mortgage institutions are entitled to this by contract and only they can waive this requirement.

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Several other items had to be held over because of inconclusive experience or because more time is needed for study. This list includes rates on mobile homes, increase of allowable improvements and betterments cover under the contents form, elimination of special charges on wood shingled dwellings and making all four family dwellings uniformly eligible for the broad and special forms. The agents want additional extended coverage abolished, but Mr. Lederer said the form is dying a natural death and is not worth worrying about. The market for earthquake insurance on commercial properties remains thin and unreliable, due to reinsurance complications.

Mr. Hopkins asked each state to report on its progress with the NAIA advertising fund campaign. The reports varied from considerable progress to hopes, but no state spokesman showed any pessimism. Most of the states in this territory will hold their annual conventions within the next month or so and a number of them are planning to start their drives in earnest at that time.

The meeting opened with the new film on automobile insurance prepared for the California association. It attracted a lot of interest and copies will probably be obtained for a number of midwest states. Mr. Hopkins announced that Ivan Anton of Des Moines will be program chairman for the spring conference, which will be in Des Moines Mar. 30-April 1, and urged all to attend. At the meeting at French Lick last spring, the conference authorized the treasurer to lend the host state association up to $2,500, if needed, for advance convention expenses. Mr. Timm, who is conference treasurer, reported on this and was given authority to sell bonds of the conference, if this should be necessary to provide cash for this purpose.

Harleysville Mutual Casualty has appointed Leonard G. Tusing district claims manager at Huntington, W. Va., and Dale Bennett field representative at Richmond, Va.

Audrey was here . . . storm-battered home in Lake Charles, La.

Hurricane Audrey

PROVIDES TEST FOR NEW KEMPER DISASTER PLAN;

Handle 800 claims in 17 days

A blueprint-for-disaster drawn by Kemper Insurance a year ago paid off for agents and policyholders when Hurricane Audrey struck western Louisiana June 27. A special 18-man claims team rushed to the scene and by July 13—two weeks and two days after the storm—was completing the handling of 800 claims.

Major factors in the new Kemper Disaster Plan were the training of casualty claims men in handling fire claims and the preparation of disaster supply kits in key locations—thus readying men and materials for instant action anywhere.

If you are interested in seeing a folder giving more details about "Operation Audrey", or in representing one of these progressive companies, write B. S. Weyforth, vice president, at the Home Office.

Lumbermens MUTUAL CASUALTY COMPANY

American MOTORISTS INSURANCE COMPANY

AMERICAN MANUFACTURERS MUTUAL INSURANCE COMPANY

Divisions of Kemper Insurance . . . Chicago 40

BRANCHES IN: ATLANTA • BOSTON • COLUMBUS • DALLAS • LOS ANGELES • NEW ORLEANS NEW YORK • PHILADELPHIA • SAN FRANCISCO • SEATTLE • SUMMIT, N. J. • SYRACUSE • TORONTO

Herndon Surveys Washington Scene

Promoters of the plan to get more national banks into the insurance business as local agents are now attempting to force the House to amend the national bank act, Maurice G. Herndon, NAIA Washington representative, told National Board of State Directors. They want one of the following:

Where state banks are allowed to function as insurance agents, the national bank act should be amended to allow national banks to do like wise; or, in towns where national banks are now functioning as local agents (present banking law allows this in towns where last, 1950, federal census showed population of 5,000 or less), the federal law should be amended to allow national banks to continue this insurance business even when the 1960 federal census shows population in excess of 5,000; or, change to 10,000 or 15,000 the population limit of townships in which national banks can conduct an insurance business. These amendments have the endorsement of the Eisenhower administration and national banks.

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The House banking and currency committee will resume hearings on the subject in January.

Senator Monroney, chairman of the subcommittee on automobile marketing, is not satisfied with the result of refunding of automobile collision insurance premium overcharges by certain automobile finance insurance subsidiaries, Mr. Herndon commented. However, there is still only an outside chance that the subcommittee will propose any legislation. But the subcommittee will come out with a very strong report which will get wide distribution.

The new atomic insurance bill contains the language, "the (Atomic Energy) Commission shall use, to the maximum extent practicable, the facilities and services of private insurance organizations, and the commission may contract to pay a reasonable compensation for such services . . ." This provision, proposed originally by AEC and actively supported by the NAIA, gives AEC authority to use the services of local agents and their organizations.

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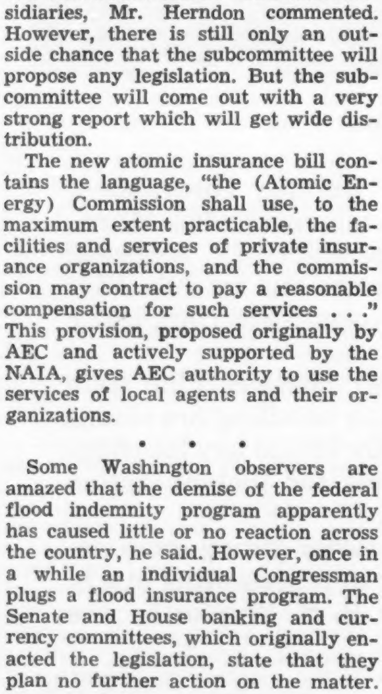
Some Washington observers are amazed that the demise of the federal flood indemnity program apparently has caused little or no reaction across the country, he said. However, once in a while an individual Congressman plugs a flood insurance program. The Senate and House banking and currency committees, which originally enacted the legislation, state that they plan no further action on the matter.



Robert Poellnitz of Tuscaloosa and Wilbur K. Allen of Birmingham.

Problems In Fighting Fictitious Group Plans

Fictitious group insurance plans continue to show up, Morton V. V. White of Allentown, Pa., member of the executive committee of NAIA, told the National Board of State Directors. He said NAIA would like more information on American Boat Builders & Repairers Assn., which issued a memorandum to members suggesting possible savings from group workmen's compensation arrangements.

This organization was difficult to identify and locate, he indicated. However, eventually it was learned the unit began under another name and is a limited organization for which an attorney, acting as secretary, is soliciting insurance. Completion of his questionnaire to members develops valuable underwriting information, Mr. White observed.

Causes of the fictitious group insurance plague are many, he said. Many are born of an ambitious secretary's desire to promote membership. Next most frequent stimulus is a franchise agreement between the supplier and a retail outlet. Absence of common ownership or lack of equity is overlooked by the promoters. In 90% of the cases the whole program is aimed at reducing insurance costs to members. Rarely does the plan involve better coverage—in many instances better coverage is available through normal channels.

Membership in a business or fraternal organization may influence the degree of moral hazard but that is significant only to the underwriter, Mr. White said. He suggested agents, in attempting to obtain legislation or department rules against such groups, should be alert to possible company opposition. The law in Florida is a good one, he said. Washington passed a similar law. In Connecticut the effort failed, as it did in Pennsylvania, because of "behind-the-scenes company opposition."

Good Crowd At Early Session On Education

A new automobile insurance textbook is the impressive first offering of the new educational director of National Assn. of Insurance Agents. L. F. Smith, who took over this important staff post late in 1956, when T. I. McKernan left to become a member of Inter-Regional Insurance Conference, and the chairman of the education committee, J. Norvell Trice, Richmond, passed out information about their activities at a breakfast session held during the association's Chicago convention for state and local board secretaries.

The new book will be available for distribution in a few weeks. Next in line for complete revision is the book on general liability insurance and the new assistant educational director, C. W. Barnard, will be bringing out a new book on marine insurance, combining the features of the old inland and ocean texts.

Mr. Trice emphasized that the automobile book is written from the insurance agent's point of view. Future books will take the same approach. There is more material on rating and selling information has been made an integral part of the presentation.

Mr. Smith stated that he hopes to have American Institute for Property and Liability Underwriters put the new automobile book on the recommended reading list for CPCU aspirants.

Hospitality Suites Relfect Generosity, Not Losses At NAIA

The number of hospitality suites maintained during the NAIA convention in Chicago indicated that companies are still competitive, even if the experience on the business they get is in the red. Among the companies and organizations that maintained convenient facilities for fraternizing were:

Aetna Casualty, Aetna Fire, Agricultural, American Casualty, American Home, American, American Re, American Surety, Appleton & Cox, Atlantic Mutual, Atlas.

Also, Bowes & Co., George F. Brown & Sons, Buffalo, Chubb & Son, Commercial Union, Continental-National, Corroon & Reynolds, Eastern Underwriters Assn., Employers, Fireman's Fund, General Accident, Glens Falls, Great American.

Also, Hanover, Hartfords, Home, Leonhart & Co., London Assurance, London & Lancashire, Maryland Casualty, Merchants of N.Y., Wm. H. McGee & Co., Millers National, National Union, New Amsterdam, Newhouse & Hawley, New York Life, New York Underwriters, North British, Norwich Union.

Also, Pacific of New York, Pacific National, Peerless, Phoenix of Hartford, Phoenix Assurance, Providence Washington, Royal Exchange, Royal-Globe, St. Paul, Seaboard Surety, Southeastern Underwriters Assn., Springfield F.&M., Standard Accident, Stewart-Smith (Ill.), Travelers, U.S. Aviation Underwriters, U.S. Casualty, U.S.F.&G., Western Underwriters Assn., Yorkshire, and Zurich.

Western Agents Praise Sullivan Comments

The Far West Agents Conference of National Assn. of Insurance Agents was delighted with the talk of Commissioner Sullivan of Washington before the Zone 6 commissioners meeting, in which he strongly opposed any attempts to regulate commissions, maintaining that the matter is properly one of private contract. The group sent a telegram of thanks and best wishes to Mr. Sullivan, who was attending the zone meeting at Seattle at the time.

The William H. Menn award for outstanding public relations work by a state association went to the Utah association. It was presented during the session and accepted by G. R. McClure, Salt Lake City, who is both state national director for Utah and chairman of the Far West conference.

Three guests attended the meeting of Southern Agents Conference during the NAIA convention—Commissioner James H. Horn of Alabama, T. J. Mims president of Canal Ins. Co., and Jason Woodall, manager of Southeastern Underwriters Assn.

Neumann Sees UM As Hope vs Compulsory Tells Of N. C. Defeat

In his report as chairman of the special automobile committee, J. A. Neumann, Jamaica, N. Y., past president of the National Assn. of Insurance Agents, emphasized the importance of the uninsured motorist coverage and of agents merchandising it as the alternative to unpalatable and unworkable compulsory.

He noted that in New York UM has been sold at a flat rate statewide but elsewhere substantial differentials, territorially established were employed. A level average reduces overall sales resistance, it has been suggested. There has been a good deal of urging that UM be included in the basic automobile contract and this came about by law in New Hampshire, with the backing both of agents and the governor.

Mr. Neumann suggested that the setback in North Carolina resulted from the well-intentioned efforts of the stock companies. Had there been proper communication between the companies and the North Carolina association, he thinks, the result would have been different. The battle of compulsory must be fought at the state level. Agents are best qualified to spearhead the attack. Companies can aid materially, but there must be constant communication and united, not divided, command. The latter leads to defeat, as in New York and North Carolina.

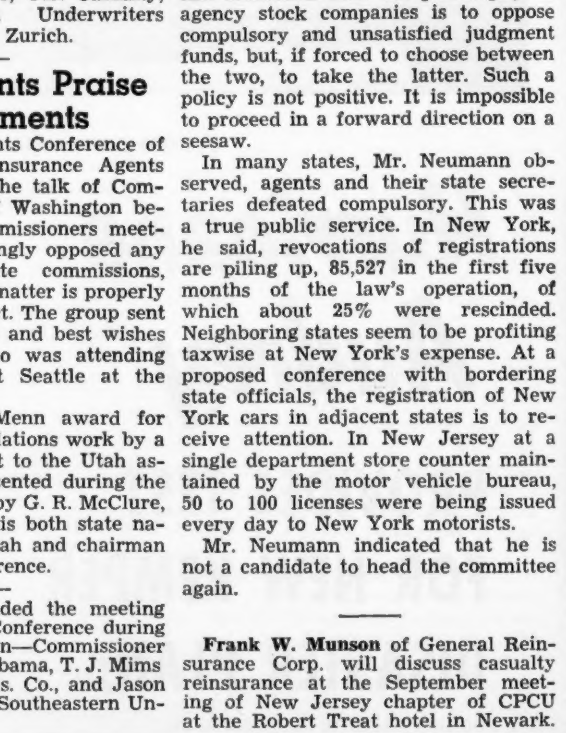
As a closing personal observation, Mr. Neumann said the philosophy of agency stock companies is to oppose compulsory and unsatisfied judgment funds, but, if forced to choose between the two, to take the latter. Such a policy is not positive. It is impossible to proceed in a forward direction on a seesaw.

In many states, Mr. Neumann observed, agents and their state secretaries defeated compulsory. This was a true public service. In New York, he said, revocations of registrations are piling up, 85,527 in the first five months of the law's operation, of which about 25% were rescinded. Neighboring states seem to be profiting taxwise at New York's expense. At a proposed conference with bordering state officials, the registration of New York cars in adjacent states is to receive attention. In New Jersey at a single department store counter maintained by the motor vehicle bureau, 50 to 100 licenses were being issued every day to New York motorists.

Mr. Neumann indicated that he is not a candidate to head the committee again.

Frank W. Munson of General Reinsurance Corp. will discuss casualty reinsurance at the September meeting of New Jersey chapter of CPCU at the Robert Treat hotel in Newark.

Mrs. Brunk, William C. Brunk of Ottumwa, Ia., and James P. Jana of Hanover at NAIA.



How N. C. Bungled Into Compulsory Auto Told SAC, Status Of Changes Listed

A feature of Southern Agents Conference during the NAIA convention in Chicago was the story of how compulsory auto was passed in North Carolina, told by William E. Webb of Statesville, N. C. In addition, J. O. Hatch of Savannah told how the casualty committee has fared in its negotiations with bureaus and companies for changes agents have asked; Bernard Olasov of Charleston, S. C., outlined the work of the property committee; Nathan Swayze of Yazoo City, Miss., described the public relations program of SAC, and R. S. Brantley of the North Carolina association, urged attendance at the SAC meeting next April 24-26 at the Fontainebleau, Miami Beach, in connection with the midyear meeting of the National Board of State Directors.

"How North Carolina bungled its way into compulsory" was detailed by Mr. Webb, who assigned the major responsibility for the result to the fact that the insurance business was badly divided in its approach to the problem. First he corrected the statement that the North Carolina agents were divided on the issue of compulsory and unsatisfied judgment fund. That is not so. They were solidly against both and remained so throughout with the exception of one outstanding agent.

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Agents thought they were in a particularly good position to defeat compulsory because of the composition of the insurance committees in the legislature. They thought they had both bills defeated. They did feel that compulsory was better than UJF, he declared, but they liked neither.

Assn. of Casualty & Surety Companies favored UJF. They opposed compulsory. American Mutual Insurance Alliance, along with the agents, opposed UJF. The alliance hired lobbyists to oppose UJF and advocate compulsory. Assn. of Casualty & Surety Companies began actively to support UJF, and its member companies wrote field men to get agents to contact legislators. The legislators began to back away from their commitments to vote against compulsory. Agents continued to oppose both compulsory and UJF.

No statement was made by Assn. of Casualty & Surety Companies that there was on file in the state the uninsured motorists endorsement and that it could be incorporated in all contracts for an added premium.

The business was hopelessly divided, Mr. Webb declared. If it had been united against both bills, both could have been defeated, he believes. He said he didn't intend to criticize the companies or others who were sincere in their beliefs, but division could not win. Perhaps knowing this, agents in other states can take the steps necessary to defeat compulsory, he suggested. One thing is certain, he added, agents don't know they have problems until they get compulsory.

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In response to a question, he said he believed if UM were part of the auto contract as in New Hampshire, both bills could have been beaten. About 65% of automobiles in North Carolina are insured, he said. He also indicated that the alliance is consistent country over in its opposition to UJF; it prefers compulsory, though it doesn't like it, to UJF.

The casualty committee has had seven subjects under negotiations with bureaus, Mr. Hatch said. For the Georgia association the committee sought to have National Bureau of Casualty Underwriters read into the family auto policy the increased limits under Georgia's amended financial responsibility law. This was done, but the bureau felt it could not do it at the same rates—until experience indicated the proper rates—so filed for a temporary increase.

The committee sought an optional rate on open stock theft coverage without a deductible, on which the loss ratio has been low. On this it has not yet been successful, but it will continue discussions, Mr. Hatch said.

For Alabama the committee sought uniform three year installment factors but has been unable to get them. Mr. Hatch said the committee members feel they are entitled to more explanation on this one.

For Alabama the committee sought to get eliminated the surcharges on liability limits above 100/300/50. It asked for a revision of the rates for the table or use of minimum premiums to achieve this objective, but the bureau turned down the request. The bureau also asked for advance notice on form, rule, etc., changes from National Bureau, since certain states now get such notice, but did not get the nod.

The committee also was turned down on two requests to National Council on Compensation Insurance. The committee asked it to authorize designation of agent of record on assigned workmen's compensation risks. The committee, Mr. Hatch said, did not ask

(CONTINUED ON PAGE 16)

A "POLICY" That Never Changes

WESTERN INSURANCE POLICIES are subject to constant change, meeting the condition of the times and providing better protection, always at the best possible rate.

But there is a Western policy, just as important, that never changes. For forty-five years we have made one of our primary policies that of friendly helpfulness to our agents . . . and service second to none.

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HOME OFFICE
Western Bldg., Fort Scott, Kansas

Camera View Of NAIA Rally

At NAIA registration desk: Marion Laning, Frank Pocquette of Pacific of New York group, Chicago, and Simpson Stoner of Greencastle, Ind.

At NAIA: Harry Minister of Columbus, O., Arthur L. Schwab of Staten Island, Harry W. Poulson of Boise, Guy T. Warfield of Baltimore, and Craig Thorn Jr. of Hudson, N. Y.

J. C. Gardner of Fidelity & Deposit, C. C. Clarke of Assn. of Casualty & Surety Companies at Chicago, and Julian Neal of F.&D. at Chicago, and Donald L. Buckler of F.&D. at Chicago.

A. L. Williams of Nashville, Mrs. Frank Pocquette, wife of the vice-president of Pacific of New York group at Chicago, and S. G. Amerman, executive vice-president of Pacific of New York.

At NAIA: Cooper Cubbedge of Jacksonville, Tom C. Johnson, manager of the Florida association, and S. W. Johnson of Fort Myers, Fla.

R. E. Miller and R. S. Robins of North America, Frank Bell Sr. of Charleston, W. Va., and R. G. Osgood and F. A. Lewis of North America at NAIA.

Herbert S. Brewer of Lockport, N. Y., Al M. Wagner of Chicago and James H. Vey of New York both with Hanover, and Mrs. Brewer, at NAIA.

Suggests Ways Of Continuing Agency Where Agent Kaputs

No agent would use a stack of 3,000 $10 bills as a doorstop in his agency, but many agents are just as careless about the asset of agency goodwill which could easily extend into the next generation, Dr. John D. Long, associate professor of insurance at Indiana university, told the NAIA workshop on agency perpetuation, expansion and vitalization.

"What are you doing to preserve the value of your agency beyond the time of your retirement or death," he asked. He then outlined the important considerations that deserve the serious consideration of agents.

• • •

1. Does the agent want his agency to outlive him? Longevity has its price in terms of perhaps foregoing some current income. Even if the agent is willing to pay the price, he has to have a continuation plan. That plan requires someone to run the business after the agent's death and a means by which such person or persons can come into control of the business.

2. Who is going to own the business after the agent's retirement or death. Ultimately, the choice is to sell it or give it away. In either case the successors, in a practical sense, are limited to surviving employes, partners, stockholders, or friendly competitors. The plan of continuity must provide a way for such person or persons to accede to the ownership and management of the business.

3. When will the agency interest have to be passed to someone else? Maybe the agent knows the maximum period he will retain his ownership, but what about the minimum?

4. How long can the agent safely postpone putting his house in order? Until he formulates his agency continuation plan, the agency is not prepared to outlast the agent—even if he owns a part of it. To preserve the maximum agency value for his family and his business survivors, he needs to have his house in order, Mr. Long declared. What is the earliest possible time the plan might be required?

5. Where will the money come from the agent wants his family to receive from the agency? Alternatives are savings, earnings, and life insurance proceeds. In this age of high taxes and installment credit, savings are not a likely source. Dependency on earnings obtained from the business by the agent's successor ties the welfare of his family to the welfare of the business. Sometimes, however, this is the only source. When life insurance is usable, it may provide the most nearly infallible source of funds at the cheapest rate to finance the transfer.

6. How much in taxes will have to be paid on the agency interest? Problems of federal estate, federal gift, and federal income taxes may arise. The agent might be able to reduce some death taxes by giving away some or all of his business during his lifetime. The interest he retains at death will be a part of his estate for estate tax purposes. He might shudder to realize the optimistic view of his agency the tax authorities could take for valuation purposes. The value will include perhaps a tidy sum for goodwill. The agency may be valued on the capitalization-of-earnings method which can produce values that can be substantial. While valuation is always an open and unpredictable matter, certain types of provisions in agency buy-and-sell agreements may serve in helping to peg the agency value for estate tax purposes. In respect to income taxes, no taxes are levied on life insurance proceeds payable by reason of death in financing agency transfers. If an agency is paid for out of earnings, somebody has to pay an income tax on those earnings. Whether the buyer or seller pays the tax depends on the intent of the parties to the agreement. The courts apparently will honor an agreement of either type. In any case, use of the earnings method to finance the transfer of an agency is an extremely expensive affair, taxwise.

7. Can creditors seize the agent's interest at time of transfer? If the business or the estate has debts, the credits might be able to thwart whatever plan the agent has and take possession of the business. What steps is the agent taking to assure sufficient liquidity?

8. Can the agent use a split-dollar arrangement, Mr. Long asked. He suggested that agents investigate the tax and financing features of the life insurance plan, whereby the younger party to the agreement buys life insurance on the older party to the agreement under the split-dollar plan. The older party pays that part of the premium represented by the increasing cash value in the policy. His estate is the beneficiary to that extent. The younger man pays for the pure insurance part of the policy and receives the face of the policy minus the cash value. According to a fairly recent revenue ruling, the younger man is not taxed on the premiums paid by the older man. Also, apparently only the cash value part of the proceeds are included in the estate of the older man. The estate is sure to receive an amount equal to premiums paid by the deceased older man. This interesting arrangement amounts to a loan.

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9. What about a buy-and-sell agreement? This binds one or more survivors to buy the agency interest of some person at his death and the estate of that person to sell such interest at his death. By creating a market for the agency interest before the death or retirement of the agent, this method should be applied to every agency which is being sold.

At NAIA directors' meeting: Howard N. Fullington of Wichita, chairman of the casualty committee; Archie Slawsby of Nashua, N. H., executive committeeman, and George A. Timm of Kenosha, Wis., chairman of the property insurance committee.

H. J. Noyes and George V. Whitford of Reliance and J. L. Ashton of Milwaukee.

Frank D. Moses, executive secretary of Pennsylvania association, Maurice Hartson of New Orleans and Morton V. V. White of Allentown, Pa., the latter two executive committeemen.

Opportunities And Problems Ahead In Farm Underwriting

Outmigration from the farms to the cities and towns, which has been going on since Revolutionary days, and the reasons for it have their bearing on the underwriting of farm business, B. R. Walinder, secretary of America Fore in Chicago, told the breakfast meeting of the rural and small lines agents of National Assn. of Insurance Agents during its convention in Chicago.

In the war years, when prices were rising and materials were scarce, and farmers were feeding the world, the underwriting experience was good, he said. This continued several years after the close of the war, but a turning point came about 1950. Observation indicates that outmigration has been considerable in the past seven years. In 1920 a total farm population in the U. S. of 32 million supported the nation's population of 109 million. Today a farm population of only 22 million is supporting a population of 169 million.

Mr. Walinder does not believe the movement of people off the farms is finished. The submarginal farmer must find a way to produce a decent living for his family or go to town and find a job. The attraction of industry alone is not responsible for outmigration, Mr. Walinder commented. Acreage controls exert their influence. A farmer must have sufficient acreage to earn a living, so he buys the neighboring farm. A farmer without modern machinery is fighting a losing cause, but if he has the machinery, he needs sufficient acreage to derive the maximum benefits from it. Again the solution seems to be to buy the farm adjoining. This is progress, but it creates a serious problem for the farm underwriter.

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When two farms become one, some of the buildings are vacated and lose their utility value; if destroyed, they are not replaced. The insurers are reluctant to insure vacant farm buildings because they deteriorate rapidly.

To make vacant buildings more palatable to the underwriters, a so-called deferred loss payment clause was introduced in the midwest, which allows a reduction of around 20% in the fire rate and provides only 60% of the insurance amount will be paid unless the destroyed building is replaced in a year and within 300 feet of the original building site. This clause is not for vacant property alone but should be used for any building where the utility value can be questioned, he said. Some agents use it quite generally, others not at all.

The future of successful farm underwriting lies in writing the better type of farm for the successful farmer, one who has the necessary capital and who knows his business, Mr. Walinder said. Agents should seek that class. They have a preferred rating plan in the midwest to do so. In connection with farm coverages, Mr. Walinder urged agents to write hail on growing crops. The premium volume is growing each year. If the agent writes fire and extended coverage on a farmer's building and personal property, failure to insure his crops may let a competitor get his foot in the door. This could mean the loss of the entire line, he said. He also noted the premium potential of the multiple peril crop policy being developed by Crop Hail Insurance Actuarial Assn.

Robert E. Brown Jr. of Aetna Casualty, Roesser Long Jr. Fayetteville, Ark.; Tom C. McHenry, manager of the West Virginia association, Wilbur K. Allen of Birmingham and William J. O'Meara of Aetna Casualty.

Secretaries Discuss Many Topics, Elect Johnson Chairman

Secretaries and managers of state associations held their usual meeting Sunday afternoon preceding the formal opening of National Assn. of Insurance Agents' convention in Chicago, with George L. Goss, Nashville, presiding. Tom C. Johnson, Tampa, was elected chairman at the close of the meeting and will be responsible for next year's conference.

There was a heavy schedule of topics, which Mr. Goss steered skillfully. The group is an informal one, passes no resolutions and commits no one to anything. Its sole purpose is to give the secretaries the benefit of each other's experience and ideas.

Topics discussed included the "Road Aid" project, proposed uniform rates in automobile assigned risk plans, membership development, the NAIA advertising program, with emphasis on handling it at the state level and pointing out its advantages to agents, and place mats and coasters with the NAIA emblem. A. L. Lind of Minneapolis, whose firm handles plastic advertising devices, showed the secretaries a new illuminated sign featuring the new "independent agent" symbol.

Urban Krier, Milwaukee, now assistant manager for U.S.F.&G. there, who was chairman of the state secretaries group when he was secretary of the Wisconsin association, was a guest at the meeting.

How N. C. Bungled In Compulsory Auto Told

(CONTINUED FROM PAGE 13)

for commissions on such risks. Agents feel they should have this designation so they can know when a policy has been issued. The council was adamant in opposition. Yet it has authorized agent of record and the payment of commission on assigned risks in Mississippi and some other states. Also, there is recognition of agent of record, plus commission, on auto assigned risks written by many of the same insurers who are members of the council.

The committee has written each state association asking it to negotiate with its insurance commissioner to get him to negotiate with the council and if that doesn't work to write the companies. This is important and agents intend to keep on trying to get the change made, he declared. For Alabama the committee sought to get from the council authorization of an additional interest endorsement for use with WC policies, but didn't get it.

About 125 attended the **SAC** conference, which was ably directed by Chairman James P. Walker of Augusta, Ga. The three working committees of the conference, property, casualty and public relations, will meet 1½ days at Atlanta Dec. 5, Mr. Walker announced. He named a committee to study the constitution and by-laws of the conference to make some suggested changes. Frank R. Bell Jr. of Charleston, W. Va., is chairman, with Wilbur K. Allen of Birmingham and Haynes Glover of Greenville, S. C., members.

Highway, Fire Awards Won By Fla., Hawaii; Six Agents Honored

The Florida association won the National Assn. of Insurance Agents' highway safety award presented by Assn. of Casualty & Surety Companies at the annual convention in Chicago. The Hawaii association won the fire safety contest and was presented with the National Board's award by F. W. Westervelt of that organization.

Six local agents were honored at the same session by President Robert E. Battles with citations for bringing prestige and credit to the American agency system during the year. They were Alan H. Miller of Hackensack, N. J., chairman NAIA advertising committee, Albert E. Mezey of New York, Jack C. Schroeder of Chico, Cal., Harry M. Carter of Savannah, George J. Margraff of Philadelphia, and Joseph F. Prola of Springfield, Ill.

In addition to the state association award for highway safety there were six awards for outstanding safety work done by local boards, divided by population groups. These winners were Grand Ledge, Mich., a perennial winner; Whitley county, Ind., Tallahassee, Orlando, Sacramento and Denver.

Barnes Is Chairman Of Local Board Managers

R. W. Barnes, Louisville, was elected chairman of the local board managers conference at the meeting of that group Sunday afternoon during the National Assn. of Insurance Agents convention. He succeeds W. W. Krom, Chicago. J. L. Curtis, Dallas, is the new secretary. The group informally discussed virtually every feature of a local secretary's job, including the NAIA advertising campaign, programs, meetings, membership development, how to promote attendance and financial problems.

Parley Draws Fewer Than Usual, Elects Woodbury

(CONTINUED FROM PAGE 9)

of members individually and severally, adds stability, increases the chances of survival in event of internal disturbance or financial difficulty, etc. The present constitution and by-laws will continue as the organized law of the association, he pointed out. The incorporation will be under New York law.

From start to finish, the competitive situation in general and the aggressive advertising plans of NAIA dominated the interest of almost everyone. The agents are by no means smug, but neither are they in a state of panic. Every speaker who touched on the competitive situation emphasized that competition, particularly from direct writing or non-vested agency type companies, is bitter and cannot be laughed off, but that agents are not going to be put out of business unless they fail to take action. No longer do the agents seem to be afraid of losing business—the whole theme of the meeting was "a bigger share of the market." Every session which touched on sales and promotion was jammed to the overflowing and the crowd stayed from start to finish.

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There was, inevitably, much interest in the compulsory automobile insurance situation, with North Carolina having joined New York in this category since the last meeting. The position of the agents has not changed. They will fight compulsory to the last ditch. Those from a few states, particularly New Jersey, like the unsatisfied judgment fund approach, but they are very much in the minority. There was much criticism of the way the stock companies have handled these legislative problems and somewhat of a tendency to blame the reverse in North Carolina on them.

Commissioner Joseph A. Navarre of Michigan, president of National Assn. of Insurance Commissioners, who had been scheduled to give the closing address of the convention, "The Basis of the American Agency System," was prevented from appearing by an ulcerated tooth.

He designated Commissioner Arch Northington of Tennessee, vice-president of NAIC, to present his paper.

America Fore Ads Tie In With NAIA Parley

Agents attending the NAIA convention in Chicago were impressed by the full page newspaper advertisements plugging the local, independent agent and the Big I insignia which America Fore bought in the Chicago newspapers. Copies of the papers were delivered by the group to hotel rooms during the convention.

In addition, the convention, NAIA, and the independent agent were the subject of discussion on the WBBM radio program of Tony Weitzel, *Chicago Daily News* columnist, Monday evening. Robert E. Battles of Los Angeles, retiring president of NAIA, appeared on the program.

As is customary, America Fore also distributed its convention registration booklet.

F. J. Ludolph, secretary of San Antonio Assn. of Insurance Agents, went to Chicago the long way around. He left home Aug. 10, going on a vacation trip to Alaska via San Francisco and Vancouver and then returned from Vancouver to Montreal, thence to Chicago. He will return to San Antonio after the NAIA meeting.

Gird To Push NAIA Advertising Program

(CONTINUED FROM PAGE 9)

of North Carolina association, said his pledged with more than 80% in sight at a $90 average collected in July and August. The result has been, interestingly enough, an increase in payment of regular dues and more interest in the association. He expects to get in 100% of the North Carolina contribution in short time.

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Valmore Forcier of Danielson pointed out that the Connecticut association has been advertising heavily for three years, but with summer meetings of local boards the program has achieved real momentum in his state. Newspapers asked why they weren't included in the program, and the Connecticut association met with the newspaper association to explain how the NAIA program will result in substantially increased newspaper advertising.

In Kansas Paul C. Yankey Jr. of Wichita said one idea alone is enough to sell the program, the fact that local agents can get national advertising agency quality they could not otherwise afford. In addition, the program has given agents something positive to say and sell—whereas customarily over the years they have been on the defensive.

James P. Bennett of Los Angeles described how the program is going in his state, and Maurice J. Hartson Jr. of New Orleans described how Louisiana has reached 82% of its quota.

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E. K. Dietz of Little Rock told how an "insuror" state has integrated the insuror promotion with that of NAIA. He said Arkansas didn't wait for the NAIA collection letter but sent out its own. It made film presentations of the program over the state then sent out another collection letter. It enlisted the aid of field men in selling the plan, and they have really helped. The state now plans to write non-contributing members a semi-nasty letter, then have someone call personally on each one and get a report.

Craig Thorn Jr. of Hudson, N.Y., stressed the importance of calling on field men to help. As the campaign progresses, he said, personal solicitation will be necessary.

Past Presidents Of NAIA Are Recognized

Past presidents of National Assn. of Insurance Agents were entertained by the executive committee, as usual, at the annual dinner Sunday evening. There were 14 present at Chicago, most of whom also took a bow at the opening convention session Monday. F. R. Bell, Charleston, W. Va., was senior in point of service, having been elected at Buffalo in 1923. Others present were C. C. Jones, Kansas City; W. E. Harrington, Atlanta; C. L. Gandy, Birmingham; A. I. Wolff, Chicago; S. O. Smith, Gainesville, Ga.; D. A. North, New Haven; G. T. Warfield, Baltimore; O. S. Johnson, Clarksdale, Miss.; M. J. Miller, Ft. Worth; W. M. Sheldon, Chicago; E. J. Seymour, Monroe, La., and newest member of the group, Kenneth Ross, Arkansas City, Kan.

Craig Thorn Jr. of Hudson, president of the New York association, and Mrs. Thorn were being congratulated at the NAIA convention in Chicago on the birth of their first grandchild to their daughter and son-in-law, Mr. and Mrs. Brett Douglas of Ardsley, N. Y.

Greetings

TO THE NATIONAL ASSOCIATION OF INSURANCE AGENTS ON ITS 61ST ANNIVERSARY

Agents, in recognition of their obligation to the public, stand for and firmly advocate the principles of the American Agency System and the sale of sound capital Stock company indemnity. Only through upholding these highest principles of insurance will they enjoy greater prestige and security for capital Stock insurance.

THE WESTERN MANAGERS whose names appear on this page believe in and endorse the principles of the American Agency System and represent companies that, of course, offer only sound capital Stock insurance protection. Through their close contact with agents they offer their facilities and services in the proper conduct of the business, and through this medium send greetings to the National Association of Insurance Agents.

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It's Fun To Be An Agent In A Small Town

Frank E. Kinzer of Covington, Va., told the NAIA workshop on sales how much fun he has selling insurance in a small town. Being a small town agent is stimulating, satisfying, and educational. He deals with neighbors, friends, and the man down the street —not with an impersonal policyholder. He now is insuring the children of his first customers.

He is close to his prospects. But while he is studying them as prospects for a sale, they are scrutinizing him as an agent. So he has to sell himself as well as his policy. They want the agent to be a good insurance man— one who knows his business and looks after their needs. They are quick to sense if the agent has a superficial knowledge of the business and an interest in selling them any type of coverage only in order to collect a premium. They are quick to challenge his shortcomings.

• • •

The location of the agent's office has much to do with the success of his business, Mr. Kinzer has found—especially in a small town. Main street is the center of activity and the big attraction to country folks. It pays to be in the center of things, readily available at all times. His own space is on Main street, across from the largest bank and near the courthouse. One building away is the post office. Almost everyone in Covington who has business to attend to passes his office during the day.

His office has a large picture window he uses for advertising himself and insurance, and it is used by many others—children for a home talent play, sponsors of an ice cream supper at Dark Hollow or an oyster stew at the church, local sororities with hand dressed dolls to be raffled for the club treasury, the high school athletic department with football gear to stimulate season ticket sales, the Boy Scouts, etc. This makes friends.

At Christmas he decorates the window suitably to the season. Last Christmas the window contained a decorated tree with an electric train running full tilt beneath the branches. This attracted a great many persons including children. Anything that attracts attention and brings people to the office is good business.

• • •

Mr. Kinzer also develops centers of influence, the banker, deputies in the clerk's office, salesmen at the several good garages, and lawyers at the courthouse.

Service is a good way for the agent to sell. All agents advertise service, but they do little about it, he declared. Yet the public has been conditioned to expect service, and they demand it. Gone are the days when servicing a policyholder meant selling the policy and collecting the premiums. That is about all the cut raters do. If the agent has made his office handy and himself available for selling insurance, he is vulnerable for quick service. Customers can get to him quickly with claims, and they will demand attention. They will worry the agent until he wishes he had settled the matter.

A good insurance plan, well thought out and explained, is an essential part of the agent's service. Insured doesn't know what type of insurance is best for his particular needs, he is not informed on the newest coverages, he does not understand policy terms, he is suspicious of fine print, he is antagonistic to high pressure selling. He only knows he needs adequate protection.

Policyholder service to Mr. Kinzer means selecting and thoroughly explaining the proper coverage in the first place, satisfying arrangements to pay the premium, and impressing on the policyholders that he may call Mr. Kinzer night or day if he has a loss. All types of claims require service, but the agent can give more visible service to an auto policyholder than any other.

When a policyholder calls to report a loss, Mr. Kinzer does his best to take care of the matter. If it can be handled by phone, Mr. Kinzer tells him what to do; if not, he drops everything and goes. Policyholders want someone to hold their hands when they have a claim. They are unnerved by the calamity that has befallen them, they don't know the best thing to do, they are in awe of the law if it is an auto wreck. They want and expect the agent to be on hand even though he can do nothing until the immediate problems have been met.

This personal service is not always easy to give. It means leaving dinner parties and bridge games, being called late at night, early in the morning and on week-ends and holidays. With an auto accident Mr. Kinzer not only visits the scene and reminds the victim he is covered but also sees the cars or cars are taken to the best garage and the work done promptly. This is an advantage over cut raters. Agents can make their own adjustments, subject to approval of adjusters, in some cases, and they have better service from adjustment bureaus.

The cut rater has to wait for an adjuster to come by to make an estimate and during that time the policyholder is becoming more and more apprehensive and more and more suspicious until, when the estimate finally is completed, he is so upset not even the fairest adjustment seems adequate.

Part of service is to sell the policy best fitted to a person's needs. The companies have provided two of the finest policies in the history of the business—homeowners and family automobile policy. Mr. Kinzer doesn't see how agents got along without them.

An agent who writes a large volume of auto should make friends with the owners of a couple of good garages and their mechanics, ones who do their own auto sales financing.

Cut raters don't give this kind of service because they have to be about the selling of new business all the time, he said. They have to produce new business to keep afloat because they do not get renewal commissions.

Mr. Kinzer has several devices and ideas helpful in giving service to his policyholders: By making it easy for people to reach him to buy a policy or settle a claim; by maintaining an attractive, comfortable office where friends and policyholders are welcome; by having a friendly office worker who meets the public well and is willing to help with extra services; by notarizing papers for policyholders and public free; by filling out necessary claim and report blanks when a policyholder has a claim; by being active in church and civic affairs; by dabbling in politics, such as serving as a judge at elections, and by making every opportunity to keep in touch with customers, friends, and acquaintances—remembering birthdays, anniversaries, and writing letters on important occasions.

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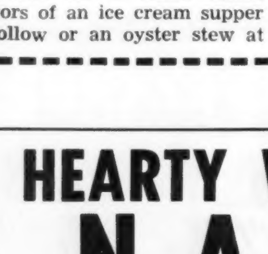

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Maxwell Tells How To Build An Agency And Perpetuate It

A thoughtful discussion of the operation of an agency and how it can be continued was presented to the agency perpetuation, expansion and vitalization workshop during the NAIA convention by Robert Maxwell of the Offenhauser & Co. agency at Texarkana.

Robert L. Maxwell

The agency has to have a backlog of solid, profitable business before it is worth perpetuating, Mr. Maxwell commented. His agency has used planned production to attempt to develop this kind of a business.

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Offenhauser & Co. is a co-partnership with nine partners, and this year is celebrating its 75th anniversary. It has 46 employes—nine active partners, nine solicitors and 26 others— and it occupies a small three story building in the heart of the business district. The ground floor is used to serve customers and for their convenience in paying bills, with the second and third floors of the building devoted to the other functions of an agency office. The firm is in insurance exclusively. It does not sell real estate, conduct a banking business or a loan office and it does not sell even life insurance. Texarkana is a town of approximately 50,000.

The agency is ready to employ a new solicitor if his qualifications clearly indicate he is ready to become a producer, Mr. Maxwell said, "for we know he will pay his own way from the pattern produced and experience gained with other solicitors." But a sales manager, not engaged in personal production, but in supervising the production of others, is another story. It takes farsighted planning to foresee that such expenditures, in the long run, enable the individual producers to do the job they should do. Or, take a fire protection engineer whose personal production will be relatively small and who will principally assist solicitors to rate and appraise the business they write or accounts they handle. But an agency has to spend money to make money, and it needs not only trained producers but also people who can rate and write policies properly.

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Mr. Maxwell said his agency has been able to maintain a relatively low rate of turnover on solicitors in spite of the shortage of manpower largely due to the experience over the years in selecting and training men, and to planning their production program.

The years have shown that the high powered, fast talking high pressure salesman has no place in the agency, he said. It tries to pick men who have had to work for a living, preferably those who have had to work their way through school. Local residents are better than out-of-towners. At time of employment, the agency makes clear the necessity of making evening calls at times and working on Saturday.

Breaking in a new solicitor is a difficult job. The agency has him work several weeks with the other solici-

(CONTINUED ON PAGE 23)

Fergason Offers Practical Suggestions For Getting Young Men Into Agencies

In 1954 rarely a week passed without an agency asking, "How can we bring younger men into our agency?" A year later, the same problem faces agency owners—of getting, training, and integrating a new crop of management candidates. It is still a key problem, Guy Fergason of Fergason Personnel, Chicago, told the agency perpetuation workshop at the NAIA convention.

As owners discuss ideas for attracting competent understudies, one idea seems to prevail—"sell them a piece of the business." But they never get around to putting their plan into operation, Mr. Fergason observed. Procrastination, coupled with the job of handling daily details, keeps pushing the decision to do something about the agency management farther and farther into the future.

Mr. Fergason gets applications weekly from former special agents who have been in local agencies for two or three years asking for help to get back into company ranks.

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Agencies are subject to the same growth factors as are other types of business and industry, he said. The country's economic growth averages about 3% a year. Agencies ought to grow with the times.

Agencies should have a definite policy specifying the functions of the agency for which each partner is responsible. With more internal cooperation, an agency is not so apt to be dissolved upon the death of one of the owners, who kept all the operations under his thumb.

If there is a definite training program and each partner cooperates in the program, persons can be found who will enter agencies to learn, and buy into, the business.

An employe should not be a partner when he first enters the agency. But in two or three years a small interest with an opportunity to participate in the profits will be an effective incentive. Even a one man agency has to be properly managed if it is going to grow and be successful. This becomes more important as the agency increases in size. One person cannot perform all functions—they must be delegated, at least in part. The average agency is often started and promoted as a one man operation, by a salesminded but not an administration person. Sales ability and promotional drive may be lost as administrative and managerial responsibilities increase. The ability successfully to perform in a specialized occupational field is not a guarantee that a person can perform as well in other fields.

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Training takes time and patience, attention to details, planned explanations of the operations of a business, etc. Training is a difficult task, but the hardest part is to activate management to do it.

One case Mr. Fergason has watched 15 years. A very successful agency, with an excellent reputation extending over 50 years, was owned by four partners ranging from 50 to 75 years of age. The agency had been managed by the senior partner, a strict disciplinarian. The partners had a buy and sell agreement. At various times one or the other partner discussed bringing a younger assistant into the business. Three times they hired a promising young man, but each one left after a short period.

With the sudden death of the senior partner friction developed. Each remaining partner felt he should head the agency. The original senior partner had not delegated authority or named anyone to carry on in his absence. In two years so much friction developed, the buy and sell agreement was exercised. Each remaining partner, in addition to one employe, opened his own agency. These men are not doing as well separately as they did together. But even after this experience, the men have done nothing to perpetuate their present agencies and their management.

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He suggested as one satisfactory arrangement, because it adequately compensates the salesmen as well as reduces turnover of salesmen and accounts, is to give the salesmen drawing accounts justified by their past records plus a split commission on all their business. These men as a rule produce a minimum of $25,000. The accounts and any new business they secure become the business of the agency. New accounts are registered in the salesman's name and he gets full credit for all renewals and increases in these accounts. The agency splits the commission 50-50, and the salesman's drawing accounts are deducted from the commissions earned, with the balance being paid to the salesman. He is also given car and entertainment allowances.

Say a salesman is assigned $50,000 of premiums and assume he will produce $25,000 of new business. (Direct writing insurers set quotas well above this figure.) On this basis, the salesman would receive commission on $75,000 of business the first year. The average annual commission being 20%, there would be a gross commission income of $15,000. The company divides the commission on a 50-50 basis so that the salesman would receive $7,500 the first year. On the same basis, with a $35,000 increase the second year, the commission would be $10,000 and the third year $12,500. The average salesman or agent can properly serve from $100,000 to $150,000 of annual premiums.

Some agencies give their good producers a bonus or share of the profits which is usually based on production, paid at the close of the business year. Agencies with profit sharing plans usually set aside a certain percentage of the new profit for department heads and producers. A small agency can use the bonus or profit sharing plan as well as a large agency. Many of them do. In some instances the profit sharing is used to purchase an interest in the agency. If, at the time of employment, an opportunity to buy an interest in the agency is promised, usually a waiting period of from one to three years is recommended. A man might start out with a lot of enthusiasm, but lose interest when the novelty wears off.

In selling partnerships to men who have helped build agencies, generally in such a sale the owner wants to keep controlling interest, but a definite agreement should be in writing, stating that the remaining partners have the first opportunity to buy the owner's interest on his retirement or death and at a stipulated price.

The owner of a large metropolitan agency had been dividing the net profits between two of his top employes. Since he was 60 years old, but very

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active in the business, he realized that he would have to turn over some of his work to others. He increased the percentage of profit distribution which the top employes used to buy the agency. Other plans have been devised to recognize top employes and make it possible for them to acquire agencies, in part or whole.

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There should not be more than a 15 or 20 year age differential between owner and trainee. If there is, there may be too much of a paternalistic attitude.

Jealousy spoiled one training plan, Mr. Fergason said. The new salesman put more business on the books during the first six months than the owner did in the same period. The resulting increase in clerical work irritated some older office help to the point that they neglected the new man's work and went out of their way to make life unpleasant for him. He soon quit the agency.

Many agencies have been built up by one man who is a driver. He tells the new man that all he has to do is go out and knock on doors and he will get the business. This may or may not be true, depending on the reputation of the agency owner. But many agency owners fail to recognize that many new men coming into the insurance business for the first time are not as generally experienced in business as their age may indicate because of college, military service, etc. They may need more time to develop business maturity and capacity.

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It is said that agents will train new men only to have them start in business for themselves and take their customers. This has no foundation in practice, Mr. Fergason declared. Special agents cannot take 10% of the business when they change companies. Direct writers lose salesmen as a result of better opportunities and better territories being offered them by competitors, but they are unable to take the business with them.

Recheck of agencies sold during the past 15 years shows that the new owner rarely loses as much as 10% of the business due to the change in ownership. One agency has increased a $50,000 annual premium income to $225,000 in a three year period. If a salesman who is doing a good job is made to feel important and is adequately compensated for his services, he will not leave and start his own agency.

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If the new man develops to where a partnership interest is indicated, Mr. Fergason suggested that in taking the final step:

"Have a definite plan for teaching him how you have built your agency and how you expect him to carry on. Be prepared to spend time with him discussing your customers and your plans for the future. Give him some accounts to work on. Help him; you will be helping yourself. Don't be afraid he will steal your customers and open up his own agency. Treat him right and compensate him adequately and he will not leave."

Propose Agents, Insurers Liaison On Relations

(CONTINUED FROM PAGE 9)

maintain and improve its pre-eminent position in insurance.

Agents generally are agreed that they should be writing more business, he said—or a greater share of the total business. On the other hand, their companies currently are losing millions on the business agents are giving them. He suggested it might be well to consider ways and means of making money out of the business before writing more of it. This problem is going to take great understanding of companies and agents. Agents owe it to themselves and the business to bend every cooperative effort to solve it.

It is the agents' obligation to inform themselves of the need for and propriety of such adjustments as the change in term multiple and others which will continue to be made to protect the solvency of the companies, he said. It is also the duty of the companies to inform the agents of the need and propriety of adjustments. The agents also must inform insured. They should not adopt the unfortunate attitude of damning publicly the companies for every unpleasant turn in the business, he declared.

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Whether mistakes have been made or who made them are not now issues. The situation calls for unity and cohesion and the practical loyalty of agents to the business they serve.

As to securing a larger share of the business, while there is no single answer, he emphasized that agency companies are not losing business. The question is how much of the expanded postwar market their agents should have obtained. Also, such deficiencies as exist on the agency side are not inherent in the agency system but in the individual shortcomings of some of those who comprise it.

The expense ratio of the agency system companies is, he stated, precisely that of non-agency companies for all practical purposes. Also, NAIA members can outsell direct writer insurance spectacularly. Consequently, the most serious mistake possible would be adoption of measures which would alter the agency system in the slightest.

Agents can increase production if they make the effort, he declared. Customer service is the battle ground. and agents must have authority to render full and prompt service. The direct writer weakness here is known,

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but, he added, agency companies could more generally grant agents authority for customer service if agents demonstrate their competency to exercise it.

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In many ways NAIA has demonstrated its unique and potent position in the business. He cited as one example of its prestige that the Monroney Senate subcommittee on automobile marketing sought out NAIA for advice and consultation in the matter of auto collision overcharges before taking any steps on its its own.

Tells How To Build And Perpetuate Agency

(CONTINUED FROM PAGE 20)

tors. He rides with the experienced man, watches, listens, and asks questions. He is given reading material for night reading, and other material from the agency library. This period may last several weeks. Then he starts to deliver policies which might be mailed, or where delivery is routine. Gradually he takes over a few accounts for collection.

Next step he is assigned dwelling renewals for delivery, to be worked for increases, or for customers for whom the agency does not have household goods. From here on, each month he is given additional work. After approximately six months, he becomes a full fledged solicitor.

The agency now tries to evaluate him for attendance at company operated schools. Some are not interested, or, for family reasons, cannot go. But a number of men have attended these schools. Experience shows they should have a good background of insurance experience before attending. The agency pays the cost of attendance but takes a note for the cost, which is cancelled if the man stays with the agency two years.

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When a man is employed, he understands he is an employe—the business he develops is the property of the agency. Solicitors are paid a flat monthly allowance to operate their automobiles. They receive a salary which is compensation for doing work on business already on the books. Remainder of the compensation is a "bonus," paid monthly, and consisting of commission on all new business written by the solicitor, payment on number of collections, and payment on amount of collections made. In the first few months the solicitor is given a guarantee. Usually he is given six months to get his earnings up to the guarantee. There is free life insurance and hospitalization for all employes.

Key to the success of the plan is supervised production, Mr. Maxwell said. This begins with the business already on the books. At renewal the solicitor will receive the policy with a slip to mark for business now with the agency, listed specifically by item. He is expected to report back on that transaction. The agency accumulates prospects through a list of all real estate transactions made in the counties it serves, a list of all new automobiles sold, expirations of automobiles with finance companies, new meter connections, and building permits.

An office meeting is held at 8 a.m. five days a week. All producers attend. Prospects are called out by name and class and assigned to solicitors. Usually they ask for the assignments because they know the people or for other reasons. A 3x5 card is prepared on the prospect and a copy given to the solicitor. The sales manager, who supervises the accumulation of prospects and assignments, keeps up with the assignments. There is a 3x4 foot blackboard for each solicitor on which each prospect assigned to him is listed. It is not removed until the card is returned to the sales manager. These boards are checked about twice each week. All producers in the agency have a board, including the partners, who make their reports in the same manner as the solicitors.

Contests with special prizes and awards for the production of special classes of insurance are part of the production program. A year ago in an accident insurance contest the winner was given two tickets to the Cotton Bowl football game in Dallas, plus expenses.

Till 1950 the first floor of the agency was rented out. That year it became necessary to secure more space so the agency took over the first floor also. This was one of the finest moves the agency ever made, he said. There is a counter completely across the front of the downstairs section, with two people on duty to take care of the customers. In an average week they handle as many as 250 transactions at the counter. Many customers pay for their insurance here.

The agency does not know how many new customers have been attracted by the first floor office, but it is about as busy as could be hoped, and it means a real saving in handling renewal business.

How can the agency be sure of continuation? Above all, he said, there should be no ownership in whole or in part which does not contribute to the production and serving of the business. An agency cannot attract and hold the type of employe which will lead to a strong and vigorous agency unless the employe feels there is an opportunity to become an owner, or at least an opportunity to share in the profits, without heavy withdrawals by persons who make no material contribution to the development of the business.

There should be no stockholders in a corporate agency, he believes, who do not contribute in time and influence in proportion to their stock ownership. In partnerships there should be no ownership by widows, children, or other persons who make no material contribution to the development and servicing of the business.

In the highly competitive field the agency business is today, imposition of non-productive ownership is a burden which few agencies can bear, he declared. Such practices are not contemplated in the medical and the legal professions, and there is no reason why they should be followed in the insurance business.

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In a two man agency the partners agree that if one dies the widow of the other will be continued as a partner, drawing no salary, but participating in the net profits after paying the proper salary to the surviving partner. On paper this looks good. But basically it is unsound. It burdens the surviving partner with the work of two men.

Or, a man owns his agency and has two children, a son and daughter. The son comes into the agency and learns to operate the agency. But father continues the business as a partnership between son and daughter, in order fairly to distribute his assets. This burdens the son with a millstone.

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Bureau Auto Class Has Imroved It s Market Status

(CONTINUED FROM PAGE 10)

ships for classes 2A and 2C are justified. But, he said, every time an agent is supplied with the actual experience results supporting the rate relationships, the previously raised objection is withdrawn. The following table shows the distribution of cars by classification, the indicated differentials by class related to class 1A, and the differentials by class which are being reflected in current rate filings of National Bureau:

Territory	Classi-fication	Distribution of Number of Cars	Differentials to Rate Class A1 Indicated	Adopted
	1A	40%	1.00	1.00
Rural and Small Cities	1B	36	1.02	1.00
	1C	4	1.41	1.45
	2A	9	1.91	1.90
	2C	4	3.69	3.60
	3	7	1.43	1.50
	Total	100		
	1A	34%	1.00	1.00
	1B	43	1.14	1.10
Large Cities	1C	3	1.53	1.45
	2A	7	2.04	1.90
	2C	4	3.21	3.10
	3	9	1.49	1.50
	Total	100		

The indicated differentials are for hundreds of millions of dollars of experience in policy years 1954-1955 combined. The propriety of these rate relationships by classification is thus well supported.

The increase from 20 to 30% in the discount for farmers in most states will offset to a considerable degree the effect of rate level increases which would otherwise raise the rates for farmers in line with the increase in rates for the comparable non-farmer classifications, he said.

The advantages of the classification plan in competition and in strengthening the market can be illustrated by a simple example for one important rural territory:

Class	Basic Limits BI & PDL Rate	Ratio to Single Class Rate
1A	$34	−19%
1C	49	+17
2A	64	+52
2C	123	+193
3	51	+21
1AF	24	−43
2AF	45	+7
2CF	85	+102
Average for a Single Class Plan	42	

If there were only one private passenger classification for this territory, the average rate to be paid by all risks would be $42, but under the present classification plan the rate for class 1AF is only $24 and that for classes 1A and 1B is only $34. These are respectively 43% and 19% less than the average. Conversely, the rates for classes, 1C, 3, 2A, 2C, 2AF and 2CF are all higher than the average rate of $42. These risks are now paying their own way and none of them is being subsidized by the less hazardous risks, which are 1AF, 1A or 1B. As underwriters become convinced that the rate structure is established on a basis that is equally adequate for all of the classifications, the market becomes broadened for risks such as classes 2A and 2C where the business for many years was not accepted freely because of the knowledge that these classes were under-rated.

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Mr. Cahill said he had the impression that agents express more criticism about the relatively high rates for classes 2A and 2C than about any others. On the other hand, most insured under these classes with whom he has talked have been more concerned about the lack of a market for young driver risks than about the rate. The public knows that young male driver risks as a class are bad from the accident and loss producing standpoint. Under our current program, class 2A risks carry rates approximately 190% of that for class 1A risks; class 2C risks carry rates that are 360% of class 1A in rural areas and 310% of class 1A in urban areas. Experience indicates these rate relationships are none too high. Many specialty companies charge the bureau rate for 2C business, though for the other classes of risks their rates are lower, thus reflecting the effect of selective underwriting policy and lower expense costs. One specialty company rates its class 2C risks at almost 450% of the rate for its lowest rated classification. In another specialty company the corresponding rate relationship is 412% for class 2C risks. For class 2A risks, many specialty companies use a differential of more than 200% in terms of their lowest rated classification vs the differential of bureau's 190%.

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He noted that the actual loss and loss adjustment ratio of bureau companies was 77% for class 2AF and 93% for 2CF for policy years 1954-1955. Since the corresponding expected loss and loss adjustment ratio for automobile liability insurance was approximately 60%, farmers class 2 business bureau companies are getting has not paid excessive rates. Since the period of this actual experience, the situation has been improved somewhat by the increases adopted in the differentials for classes 2A and 2C.

Drivers under 25 have 1½ times their proportionate share of accidents, Mr. Cahill pointed out, and this accident involvement ratio would be even worse if the motor vehicle department data were available for male drivers only. Their accident frequency is high and many of their accidents very severe. As a class they need to pay rates 90% higher than class 1A in the case of class 2A risks and up to 260% higher than class 1A in the case of class 2C risks.

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Rate has become increasingly important in the competitive mass market for automobile insurance. Almost everybody, wealthy or poor, knows of his need to have automobile liability insurance and there is great inclination to buy on price. The average person finds it hard to understand why there is such a great difference in the price of quite comparable coverage between companies. Even some agents seem unable to understand why stock agency companies cannot meet the lower rates of the specialty companies and still pay going commission rates. Mr. Cahill said that essentially this is due to the fact that bureau companies cannot be so selective in underwriting and their expense costs, including commissions, are higher. The stock agency companies through their method of operation afford a broad market to the insurance buying public and it would be a disservice if they tried to be equally selective in underwriting.

He said he wished he could hold out hope that auto rates will not have to continue to go up in most states. However, inflation has caused a steady increase in average claim costs for both bodily injury and property damage and the adverse effect on property damage has been compounded by ever-increasing repair costs resulting from car designs. There also has been an increase in claim frequency since the latter part of 1955. A combination of increased claim costs with higher claim frequency inevitably means higher and higher rates until accidents can be reduced or changes are effected in the gross operating cost of the companies.

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The underwriting loss seems to be even worse than it was a year ago, he noted. Nothing ahead indicates that further rate increases will not be necessary in virtually every state to put the auto liability business of the stock companies in the black. Specialty companies also have filed rate increases. But, though the bureau rate structure must go higher and higher unless some unforeseen development changes the cost picture, the competitive situation should not worsen markedly, he declared. The bureau classification plan has helped keep down rates for preferred classes which comprise more than 75% of the total. Without it, probably by now the specialty companies would have an even greater share of the business than they have, while leaving the more hazardous risks for the stock agency companies to write.

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New Farm Plan Is Being Readied For Eastern Territory

A new farm form and rating plan, changes in the business interruption coverage for manufacturing risks, a suggested alteration in the debiting of sprinklered risks, and public relations needs and activities were discussed by E. Stuart Windsor of Baltimore, chairman of the conference committee, in his report to Eastern Agents Conference. J. R. Robinson, U. S. manager of Phoenix Assurance, is chairman of the company representatives on the conference group.

Following extensive research and study by a subcommittee with a qualified technical assistants from among farm underwriters, plus tests of rating plans, review by field club rules and forms committees and discussion with some farm writing agents, the rating methods research committee of Eastern Underwriters Assn. has recommended a new farm property rule, rating plan and form.

The principles upon which the recommendation rests are that present base rate levels be readjusted to produce: (a) higher rate level for poor or below average farms; (b) approximately present rate levels for average farms, and (c) reduction of 25 to 30% in rate levels for better farms. This is on the assumption that present rate levels are adequate and that premium income from the entire class will be maintained at present levels in each state.

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The new form contemplates dwelling coverage at the protected or unprotected dwelling rate applicable (not a special farm dwelling rate), and it contains the same extensions found in standard dwelling form as to private structures, rental value, additional living expense, off premises contents, improvements and betterments.

Provision is made for covering machinery, equipment, supplies, produce, livestock and poultry.

Appropriate pro rata clauses are included as to produce, livestock, poultry and machinery.

Specifically described machinery coverage includes theft and transportation, plus automatic coverage for like property newly acquired to a limit of $5,000 for a 30 day period.

Livestock theft and transportation coverage may be added by endorsement at an additional premium.

An inspection report and diagram must accompany all farm daily reports, plus a copy of the rating plan, when used.

The recommended rating plan includes a single rate for small auxiliary farm outbuildings and separate rates for livestock, poultry, farm produce and machinery.

On barns, outbuildings and silos, the rating plan includes credits from base rates for items dealing with construction, occupancy, heating and lightning rods.

Several amendments to the resumption of operations section of the U&O manufacturing form have been recommended by the rating methods research committee of EUA, Mr. Windsor explained. Business interruption forms now used in some states in EUA territory contain the following: "It is a condition of this insurance that if the insured by making use of stock (raw, in process or finished) or other property at the location described herein or elsewhere could reduce the loss resulting from interruption of business, such reduction shall be taken into account in arriving at the amount of loss hereunder."

The recent recommendation adds the language, "and with respect to such use of finished stock, this policy covers any necessary extra expense that would be required to replace the finished stock used by the insured to reduce the loss resulting from the interruption of business, not exceeding, however, the amount by which the loss hereunder is thereby reduced."

While agents believe this extra expense for replacing finished stock is covered in the "expense to reduce loss" provision of the policy, the recommended change will clarify the intent of coverage under the policy, Mr. Windsor said.

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Agents also strongly recommended that the 30 day stock limitation applying to raw stock and stock in process be removed from manufacturing U&O forms, to follow the precedent set by Factory Insurance Association. A time element committee of the industry has been studying this subject in an endeavor to produce a new, more simplified form of U&O. The committee will meet again this fall, and Mr. Windsor hopes that their conclusions may then be announced.

The rating methods research committee gave special attention to sprinklered risks based on the territorial experience for the class (EUA territory has one-third of the countrywide total) and recommended that rates be immediately advanced to reflect vital recommendations on each risk where compliance was necessary to reduce loss possibility and to remove such additional charges from the schedule rate on the risk when insured complied, Mr. Windsor reported.

A letter will be sent by the rating organization to owner-occupant with copy to agent or broker outlining the vital recommendation and pointing out that the increased rate will be withdrawn as the vital recommendation receives attention.

Impairments in sprinkler protection (without prompt restoration of service) and communicating unsprinklered addition without standard cut-off will be reflected by prompt rerating as unsprinklered class until proper protective measures have been established.

The loss ratios on this class for the past five years have been 33, 45, 48, 49, and 60.

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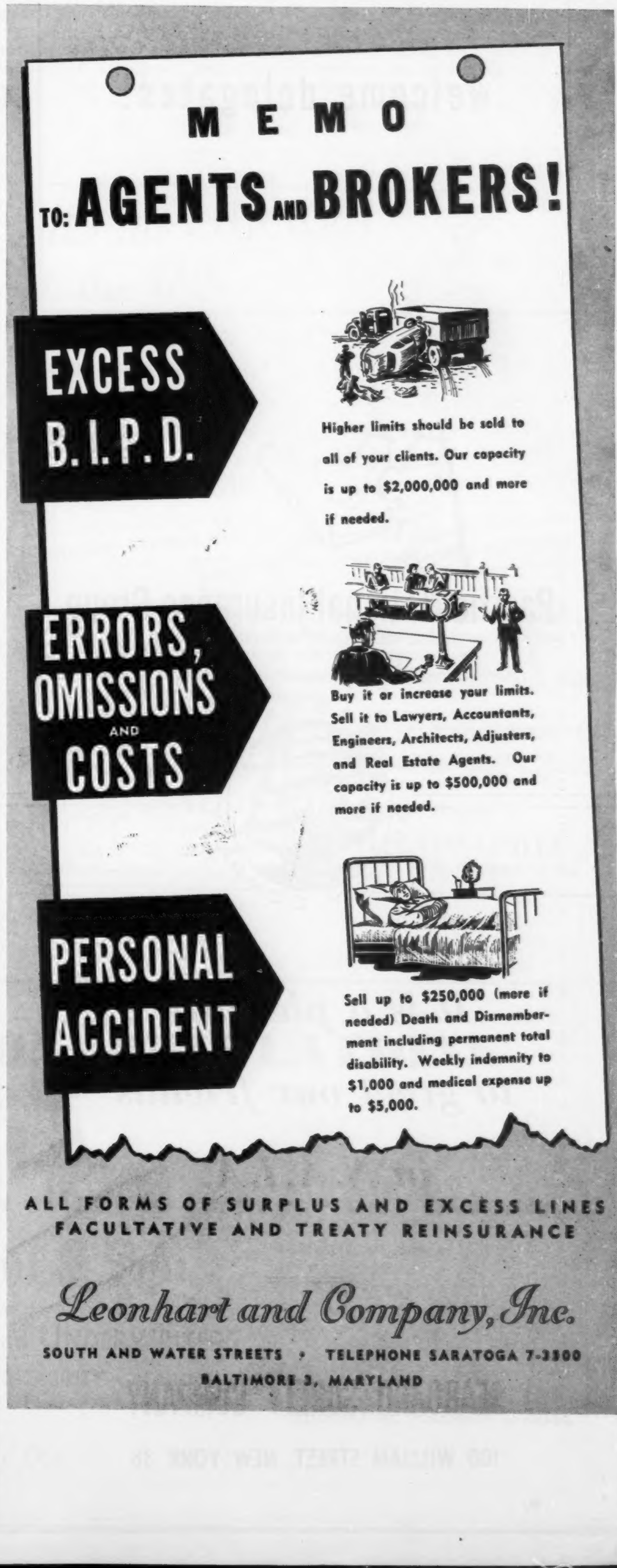
The program of multiple line public relations at the local level has shown considerable progress since the last conference meeting, Mr. Windsor said. The 27 local boards in the Connecticut association have appointed public relations committees and field men have been assigned to cooperate with each. In Massachusetts 20 local boards have done this and the other six boards are organizing. Four local boards in Maryland are organized and nine are completing the plan. In New York state 36 are organized and 21 are in process. In New Jersey 25 have PR committees. The Rhode Island association has completed its organization. Pennsylvania is re-activating its local board PR program created on a test basis with EUA four years ago.

It is significant that the several state associations are all in favor of the plan, but in some cases the delay has been occasioned by legislative and other activities. Seven of the 12 state associations with 100 local boards are under way with the program.



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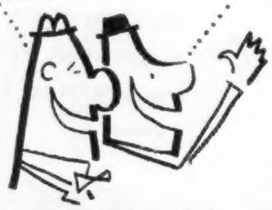

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Work Teams Of NAIA Exhibit Activities And Planning In Committee Reports

The reports of committees of National Assn. of Insurance Agents, put into the record at the annual convention in Chicago, reflected a considerable and a wide range of interest and effort.

NAIA has reached an all time high in membership, an increase of approximately 500 members for the year, Kenneth H. Bair Jr. of Albuquerque, chairman of the local board and membership committee, stated. Another high point of the year was the establishment of the Walter H. Bennett memorial award for local boards presented by the New Orleans Exchange, and the preparation and distribution of a membership promotional booklet.

Membership now exceeds 32,700, he said. Many states have contributed spectacularly to this record, notably Illinois, Kansas and Texas. The year also saw the reaffiliation of the St. Louis board.

In the membership booklet, eight topics are discussed briefly, which show how membership has helped to protect the rights of agents and put money in their pockets. The booklet is available at eight cents to local boards and state associations. To date orders have been received for more than 5,000.

The disastrous underwriting results of 1956 were a definite barrier to re-


George A. Timm
Property


H. M. Fullington
Casualty

visions and improvements in forms and coverages, George A. Timm of Kenosha, Wis., reported as chairman of the property committee. Though the committee was firm in its attempt to obtain these improvements, the companies were just as firm in their opposition to broadening contracts without rate relief.

Perhaps two of the important developments are the promise of a new dwelling package in the very near future, and the reduction in term discounts, he said.

The committee, in its first meeting with Multi-Peril Insurance Conference, submitted suggestions to be considered in the drafting of a new dwelling package. Members of NAIA were asked suggestions, countrywide, and the response was gratifying. The recommended changes for improvements to be contained in the new contract have been correlated and submitted to MPIC in time for the first meeting of its executive committee.

This participation in the drafting of a new contract is an important step forward in the agents' relationship with companies, Mr. Timm believes. Increased competition for dwelling business requires the most advanced and broadest contract to sell. Perhaps this is the time "we shall lead instead of follow," he said.

It was inescapable that at some time term discounts would get a true appraisal of their value, Mr. Timm said. Annual extension renewal plans, now extinct in many states, and the five year installment plans, had a deterring effect on the continuation of term contracts. It is likely the reduction in term discounts will have the same effect. Unquestionably, rate relief was needed in many areas, he observed.

When insurers experience more favorable underwriting results, the committee should be able to obtain improvements in coverage it is seeking. In some places these improvements must be accomplished if a repetition of what took place in the automobile field is to be avoided, he declared. Agents need contracts at least as broad as those offered by competitive groups. Rates, of course, must reflect underwriting results, but the best sales force in the world cannot possibly succeed with an inferior product.

• • •

The 1957 loss experience shows the desperate need of rate adjustments, but these should and must be made only in those lines or classes and in those areas where they are required, he emphasized. The theory of the many paying the losses of the few seems to have been discarded long since, at least to quite an extent, by many insurance departments. Otherwise the so called specialty companies could not have invaded so successfully those lines of insurance that ordinarily produce profitable underwriting results. Therefore, rate adjustments to be acceptable and not competitively disadvantageous must not be general but need to be as specific as possible.

For sometime, he added, the committee has asked the companies for contracts with formats that have merchandising appeal. But neither the commercial property nor the industrial property forms have it. Perhaps the new dwelling form will get such a format—every effort will be made by the committee to obtain one. Though the results of the meetings with the various bureaus during the past year were disappointing, there are good indications that progress will be made because business conditions demand the revisions and improvements the committee has been seeking, he declared.

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An atmosphere of genial and willing cooperation, understanding, and eagerness to hear the agent's views pervaded the discussions at all three of the meetings during the year of the casualty committee and the rating committees of National Bureau of Casualty Underwriters, Howard N. Fullington of Wichita, chairman, reported. The casualty committee urged the companies to reconsider and improve upon the vital merchandising and public relations aspects of the business, especially in automobile.

It is difficult for any agent to sell the quality and value of his services by himself, Mr. Fullington observed. The problem is much too acute for the companies to remain impassive. Therefore, the committee has emphasized the compelling need of regaining the leadership the companies for many years enjoyed.

The agent can offset virtually any competition when the difference is reduced to price only. But, the problem is almost insurmountable for the agent when his competitor's products are not only cheaper but broader in coverage.

Effective last May 1, the eligibility requirements of the family protection endorsement were broadened in New York to include specified individuals

insured under a hired car, non-ownership, garage, and commercial form as well as non-automobile owners. Similar action can be expected throughout the country this fall, Mr. Fullington said.

The first general revision of the family automobile policy lies ahead, he stated. At some time he expects a revision of the present requirements involving the 25% discount applicable to two or more class 1 automobiles. The companies are sympathetic toward the need of permitting discounts for class 1 automobiles even though the second automobile may be rated as class 3.

Further, in preserving the consistency of the manuals, the definition of private passenger automobile under

Harris Holland
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Rural and
Small Lines

the family automobile policy has been expanded to reflect the established definition applicable to standard automobile policies. In so doing, farm pick-up trucks are now eligible for coverage under the family auto policy.

The companies are working to eliminate some of the duplication as well as the differences in the comparative areas of the garage liability and garage keeper's legal liability policies, he said.

Many general casualty items could not be acted upon because of a lack of sufficient loss experience. Some problems requiring the accumulation of more experience concern the devising of a proper method of handling the coverage granted under the broad form property damage endorsement now available for attachment to a general liability policy and the method of rating motels and their swimming pools.

In burglary a number of important and desirable changes have been effected during the year. National Bureau currently is considering proposals for revision of the coinsurance feature and the institution of a reporting form with respect to mercantile open stock burglary. Action is expected soon in amending the basic policy to include coverage for "forcible exit" at no additional premium. As to the mercantile open stock theft policy, the optional deductible feature so strongly urged by the committee was rejected as unsound by the bureau. On the other hand, at the urging of the committee, serious consideration is being given to making available under this theft form, coverage while the premises are closed for business. If it were not so difficult to devise language to cover this situation, the additional protection would have been made available long ago.

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Clarence D. Friday of Osceola, Ia., chairman of the rural and small lines agents committee, said the excessive cost of automobile insurance for the family with a driver under 25 and for the farm operator is a very pressing problem. The prohibitive rates force the business into companies with captive agents. With the break-through in this one line, farm buildings and personal property lines will be much more vulnerable to that type of company. The committee also is concerned with the problem of the automobile manufacturers placing in the hands of the general public such powerful and unnecessarily luxurious automobiles which create excessive costs for repairs and, in turn, high insurance rates.

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The fidelity and surety committee, Frederic L. Burns of Manchester, N.H., chairman, said, attempted to produce an effective program. But Surety Assn. of America's concern with the Virginia rate case necessitated a postponement of such meetings for the time being. However, the Virginia case is in its final stages, so that further action with respect to these meetings can be resumed soon.

The investigation by the Virginia corporation commission into the fidelity and surety rate structure has been going on for some time. Following submission of its direct testimony by Surety Assn. on various classes of bonds and rates, a cross examination of that testimony was conducted by counsel for the corporation commission last June 24. During this session, commission counsel introduced into the case several additional exhibits which were then analyzed by Surety Assn.

A further session of the rate hearing was scheduled for Sept. 9 at Richmond, Mr. Burns said, at which Surety Assn. was to submit a brief analyzing the recently introduced commission's additional testimony, as well as a brief analyzing all testimony submitted during the entire Virginia rate hearing of several years' duration.

The final steps will be for the commission to review the testimony and exhibits of its counsel and those of Surety Assn., and then to give its findings and recommendations. It is anticipated that this climax of the prolonged rate case will occur in the near future. What the final verdict will be, and its impact upon the fidelity-surety business, still is difficult to assess, Mr. Burns said.

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Joel L. Harrison of Kearny, N.J., chairman of the accident prevention committee, said he assisted President Eisenhower's committee on traffic safety in setting up a program to make the new $40 billion highway program the safest road network in the world. NAIA made a substantial financial

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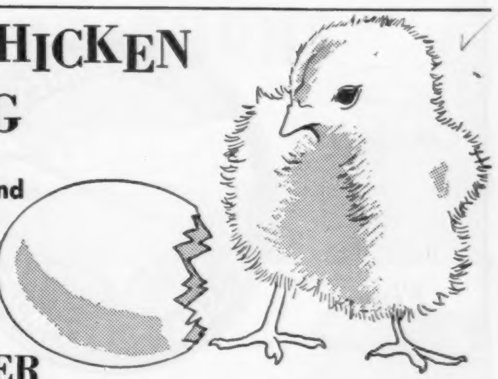

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contribution to the work of this committee.

Never has there been such an outpouring of state legislation to curb traffic accidents. He complimented Connecticut, California and New Jersey for outstanding jobs. California has just passed legislation banning use of any article, placed either on the dashboard or hanging from the rear-view mirror of an automobile.

Connecticut recently passed legislation granting a temporary license until a driver becomes 25. This already has curbed teen-age careless driving. New Jersey has a nationally known point system under which 40 to 100 licenses are revoked each week. The names of the revokees (12 points) are published in newspapers. Many other states have been trying to get similar legislation.

Mr. Harrison believes that the backing of a uniform vehicle code, eliminating compulsory insurance and supporting financial responsibility are of utmost importance to NAIA and deserve the support of every member.

The Florida association has done an outstanding job during the year in accident prevention work, he said.

The committee has encouraged widening the scope of driver education, and many secondary schools throughout the country have added driver education to their curriculum.

He suggested for future consideration establishment of a separate industrial accident prevention committee, since much work needs to be done in this field.

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The new automobile textbook has been completed and is ready for general sale to members, J. Norvell Trice of Richmond said in his report as chairman of the education committee.

The book will serve as a model for the future revision of other courses forming a part of the educational program. The automobile division of National Bureau and National Automobile Underwriters Assn. have critically revised the text. Pains have been taken to construct the handbook in the most logical sequence. The contents, covering coverage, sales and underwriting features; rating; state laws, a miscellany of practice questions and problems, and an appendix and suggested readings, have been treated with thoroughness, clarity, and logic, Mr. Trice said. For example, the exclusions under each policy and endorsements are not only explained in simple language but where necessary the logic behind the exclusion is brought out. Coverages under each form have been delineated and interpreted so the reader will appreciate its purpose, value and application. The sales and underwriting features of each policy and endorsement are discussed for the agent. Important considerations and sales features of each coverage is developed. For instance, liability coverages may be purchased by eligible insured with deductibles.

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The state laws section deals with financial responsibility laws and compulsory plans and shows the state by state requirements of each. These charts, and those used for illustrative purposes in the section on assigned risk plans, were provided by Assn. of Casualty & Surety Companies. The function and competitive value of experience and retrospective rating plans are defined.

Previously, all NAIA standard courses contained a detailed and comprehensive group discussion outline. Often this comprised more pages than the text material. This outline has been eliminated and replaced with much more context. Textbook pages are double columned to increase reading speed and comprehension and cut printing costs 33⅓%. The price is the same as for the old textbook.

Mr. Trice called attention to the new plan of keeping all courses current by publishing changes in *American Agency Bulletin*. This cuts in half the cost of revising the textbooks, since reprints of the *Bulletin* pages will serve as the actual textbook supplements.

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The fire safety program this year has had more impetus nationally than in any previous year, Simpson Stoner of Greencastle, Ind., chairman of the fire safety and civil defense committee, said. Several new films have been made available. One film was produced by the Jacksonville, Fla., board, "Freddie the Firebug," and two films are from Walt Disney Productions. These films have been distributed widely. Several states have held contests in the schools, and some states, particularly California, are active in promoting contests among volunteer firemen.

Harris Holland of Columbus, Miss., chairman of the agency management committee, reported that 100,000 of the customer account file portfolios, which form a part of the agency management kit, have been sold this year. This certainly is evidence of its acceptance and effectiveness.

Some of the committee's projects will have to be carried over, he noted. One is the development of the agency cost survey for the practical use of agencies. This is a continuation of the study launched in the spring of 1956. Due to the vast and continuing character of this subject, further research is planned for the future.

Another is insurance agency management, methods, and procedure. This subcommittee, once again, represents the continuation of the 1956 systems study made in conjunction with the National Records Management Council. Many areas in this highly important segment of agency management are still in need of thorough study.

Although little has been done on the collections problem by the committee, it should very definitely be carried over into the future with the hope that it will some day be in a position to recommend a model collection plan for the purpose of serving as a guide to agents everywhere.

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Among short range projects are agency location—urban vs suburban and physical planning, layout and equipment etc. The purpose of this subcommittee is to study the factors an agency, old or new, should consider before selecting a location for its office. The committee feels this is only one aspect of a much more ambitious project relating to all factors entering into the success of an agency and its operations. Determination of the best means of accomplishing this objective should be seriously considered at the outset by any succeeding committee.

The committee suggested a model insurance agency layout at the 1958 convention.

The metropolitan and large lines agents committee, headed by Philip Bronson of Seattle, reported that it has been functioning throughout the year in its standby capacity.

H. J. Kerchum and Security Bank of Rich Hills, Mo., have sold their stock interests in the Rich Hill agency to **George W. Flexenhar,** who has had a half interest and has been manager of the agency since 1952.

Roof Collapse After Contractor Left Job Held Covered in Pa.

While insured was demolishing a theatre building, debris fell on the roof of an adjoining building. Some months later, after the contractor had completed his operations and left the job site, the ceiling of a fur vault in the adjoining building collapsed, due to the debris. The federal court for the eastern district of Pennsylvania held that the damage was caused by an accident under the terms of the comprehensive general liability policy issued by Liberty Mutual. Damages and costs amounted to $29,882. 9 CCH (Fire & Casualty) 237.

The facts, stipulated, were that in January, 1953, Robert Hawthorne, Inc., contracted to demolish the Colonial theatre building in Philadelphia. His liability policy contained rider No. 21 which excluded damage from accidents which did not occur during the course of the operations. The adjoining building was owned by the Stumpfigs and occupied by Germantown Fur.

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The contractor placed planks on the roof of the adjoining building to catch debris. During the demolition, the adjoining roof was covered by debris, including some areas not protected by planks. However, the debris caused no damage to the exterior of the roof.

The contractor removed the debris from time to time prior to completion of the demolition work March 21, and the debris was completely removed by May 15. About July 6 the ceiling of the fur vault collapsed "due to the falling of the debris upon the roof during the demolition work." The owners of the building and the fur company sued. Liberty Mutual refused to defend, admitting responsibility only for any damage to the exterior roof surface which occurred while the contractor was demolishing the theatre building, but not for the falling of the ceiling of the fur vault and other interior damage, including damage to fur coats, which occurred after the contractor had left the job.

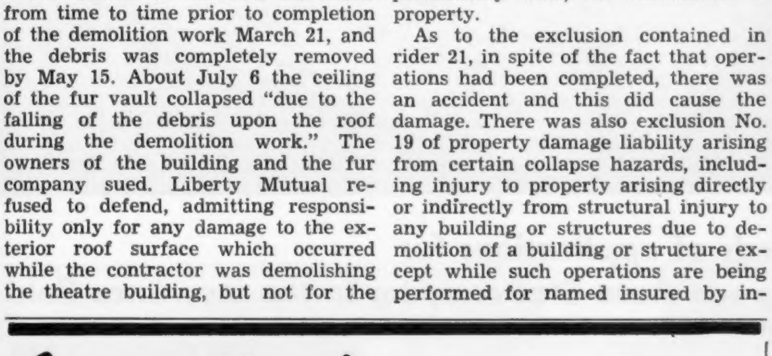
The contractor settled the suits and sued Liberty Mutual.

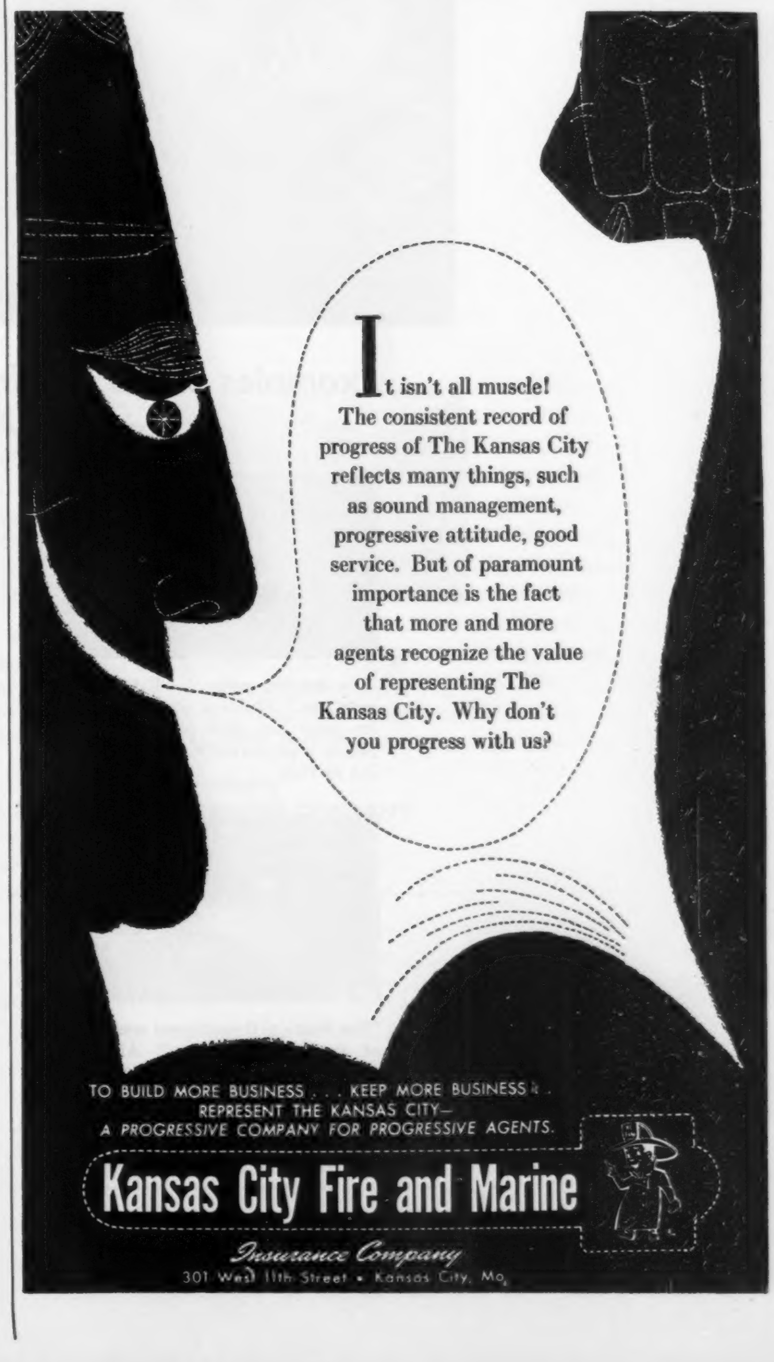
The court held that the falling of the debris on the roof and the planks in the quantity, over the area, and with the force involved in this case was an "accident" within the meaning of that word as construed by Pennsylvania cases. The court said that the Pennsylvania supreme court had stated that "that which distinguishes an accident from other events is the element of being unforeseen; an accident is an occurrence which proceeds from an unknown cause, or which is an unusual effect of a known cause, unexpected and unforeseen."

The federal court commented that tht placing of planks on the adjoining roof indicated the contractor anticipated the fall of debris near the wall of the building being demolished. However, the fact that these planks were laid flat on the roof without support from front and rear walls of tht building, that the debris fell on the roof beyond the area covered by the planks, and that the debris had to be removed from the roof from time to time showed that unexpected and unforeeseen consequences were involved. The U. S. court also said Pennsylvania cases make clear that the accident need not be the sole cause of, nor need it occur contemporaneously with, the destruction of property.

As to the exclusion contained in rider 21, in spite of the fact that operations had been completed, there was an accident and this did cause the damage. There was also exclusion No. 19 of property damage liability arising from certain collapse hazards, including injury to property arising directly or indirectly from structural injury to any building or structures due to demolition of a building or structure except while such operations are being performed for named insured by independent contractors. But the court held that the damage involved in this case did not arise directly or indirectly from structural damage to any building or structure. The damages in this case did not require extensive alterations which materially affected the basic structure of building, its characteristic appearance, or the use that could be made of it, and were capable of repair with no structural injury.

Nathan I. Miller of Philadelphia appeared for the contractor and J. B. H. Carter of Philadelphia for the insurer.





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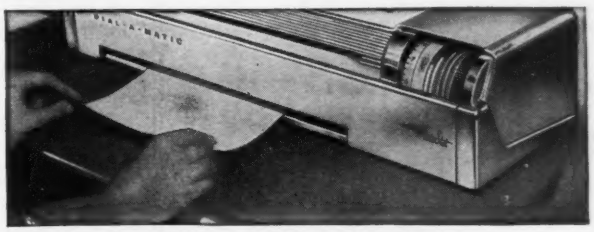

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Sept. 15-18, Idaho Assn. of Insurance Agents, annual, Sun Valley.

Sept. 16, Vermont Assn. of Insurance Agents, annual, Lake Morey inn, Fairlee.

Sept. 16-17, Minnesota Assn. of Mutual Insurance Agents, annual, St. Paul hotel, St. Paul.

Sept. 16-18, Michigan Assn. of Insurance Agents, annual, Grand hotel, Mackinac Island.

Sept. 17-20, Mutual Loss Research Bureau, annual, Edgewater Beach hotel, Chicago.

Sept. 18-19, New Hampshire Assn. of Insurance, annual, Wentworth-by-the-Sea hotel, New Castle.

Sept. 18-20, Washington Assn. of Insurance Agents, annual, Olympic hotel, Seattle.

Sept. 19-20, Nebraska Assn. of Insurance Agents, annual, Sheraton-Fontenelle hotel, Omaha.

Sept. 20, Delaware Assn. of Insurance Agents, annual, Rehoboth Country club, Rehoboth

Sept. 22-24, Nevada Assn. of Insurance Agents, annual, Sahara hotel, Las Vegas.

Sept. 22-24, Oregon Assn. of Insurance Agents, annual, Eugene hotel, Eugene.

Sept. 23-24, South Dakota Assn. of Mutual Insurance Agents, annual, Sioux Falls.

Sept. 24-25, South Carolina Assn. of Insurance Agents, annual, Bon Air hotel, Augusta, Ga.

Sept. 26-27, Oklahoma Assn. of Mutual Insurance Agents, annual, Skirvin hotel, Oklahoma City.

Sept. 29-Oct. 1, Pennsylvania Assn. of Insurance Agents, annual, Pocono Manor inn, Mount Pocono.

Oct. 1-3, Society of Chartered Property & Casualty Underwriters, annual, Waldorf-Astoria hotel, New York City.

Oct. 3-4, Mountain States Assn. of Mutual Insurance Agents, annual, Denver.

Oct. 3-5, New Mexico Insurors, annual, Hilton hotel, Albuquerque.

Oct. 6-9, National Assn. of Casualty & Surety Agents, annual, Greenbrier hotel, White Sulphur Springs.

Oct. 6-9, National Assn. of Casualty & Surety Executives, annual, Greenbrier hotel, White Sulphur Springs.

Oct. 13-16, National Assn. of Mutual Insurance Agents, annual, Sherman hotel, Chicago.

Oct. 14-15, Arizona Assn. of Insurance Agents, annual, Westward hotel, Phoenix.

Oct. 15, Louisiana Assn. of Insurance Agents, midyear, Bently hotel, Alexandria.

Oct. 16-18, National Assn. of Independent Insurers, annual, Edgewater hotel, Chicago.

Oct. 17, Inter-Regional Insurance Conference, annual, Plaza hotel, New York City.

Oct. 17-18, Pacific Fire Rating Bureau, annual, Camelback Inn, Phoenix.

Oct. 19-23, Western Underwriters Assn., annual, Greenbrier hotel, White Sulphur Springs, W. Va.

Oct. 20-22, Kansas Assn. of Insurance Agents, annual, Baker hotel, Hutchinson.

Oct. 20-22, Maryland Assn. of Insurance Agents, annual, Lord Baltimore hotel, Baltimore.

Oct. 20-23, National Assn. of Mutual Insurance Companies, annual, Jung hotel, New Orleans.

Oct. 21-22, Insurors of Tennessee, annual, Chattanooga, Read House.

Oct. 21-22, Insurors of Tennessee, annual, Chattanooga, Read House.

Oct. 21-23, Individual A&S Insurance Forum of Health Insurance Assn. of America, Biltmore hotel, New York.

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COMMENTS TRENDS OBSERVATIONS

LANDIS TELLS HOW

Law Impinges On 'Insurance Agency' Importantly And In Particular Ways

PART I

M. L. Landis, counsel of Central Mutual, in his discussion at the Biennial Insurance Seminar in Dallas, sought to enhance for producers appreciation of and orientation in the law as it impinges heavily upon insurance agency.

M. L. Landis

He emphasized that general doctrines of agency law are no guide for an insurance agency, and he warned the producer to consult a lawyer instead of trying to be his own. Also, preventive law is far more economical than remedial law and is the modern trend among intelligent persons.

Since agents and brokers are essential middlemen in the production of insurance, the law applicable to their conduct is extremely important, he said. They occupy unique positions. The agent is generally the representative of one party to the insurance contract at the same time that he may be the confidant of the other party to the contract. When disputes arise which involve their actions, it is the law that determines the duties, rights, and liabilities of insurer and insured.

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Some observations made a few years ago by Judge Hutchinson of Houston seem particularly significant, he said. In a talk before the insurance section of American Bar Assn., he emphasized that the insurer seeks generalization, the placing and adjusting of risks upon the basis of a written contract, while the effort of insured has been particularization. What insured wants and struggles incessantly for is to have the jury, playing chancellor but without either the chancellor's intuitive equipment or his obligation to justify his action, apply to each case the popular notion that insurance is written to insure.

"The tendency of human nature," Judge Hutchinson said, "to expect to receive tangible returns for money it pays out on a contract, conflicting with the disturbing fact that in property insurance you must lose your property, and in life, health and accident insurance, your life, health or limb to get your insurance, puts human nature at times to the hardest kind of test."

Apparently, Mr. Landis commented, even Judge Hutchinson has not yet learned that one of the primary purposes of insurance is to produce certainty and that the payment of losses is only an incident applying to a very limited number of all those who purchase insurance contracts. If he did recognize this principle, he was certainly not giving any segment of the buying public credit for recognizing it.

The judge also stressed as a main source of difficulty in insurance contracts the difference between the atmosphere in which the policy is issued and that in which losses are settled. The atmosphere in which the contract is written is the atmosphere of selling, roseate with promises, express or implied, he said. In such an atmosphere, no insured is likely to read, much less understand, the meaning of many warranties and provisions his policy contains.

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If this appraisal of the atmosphere is sound, and if reliance can be placed upon more creativeness in the case law, what efforts can or should be made to change or improve the atmosphere and to encourage more creativeness in judicial decisions, Mr. Landis asked. It seems that the more independent the agent, the less he contributes to improvement of the atmosphere and the more the insurer must, in the interest of self preservation, defend itself against the encroachments of haughty independence and disregard for the law by which the agency relationship is supposed to be governed. Without benefit of litigation agents certainly could promptly review their concepts as to the main purpose for which insurance is provided and by proper techniques, prepare the minds of those who "consume" the service to do so with understanding.

Perhaps the time has arrived when the legal status of the middleman needs some legal overhauling, Mr. Landis suggested. If the primary obligation of an agent is felt by him to be to his customer, rather than to his principal, then he should apply for and be licensed as a broker and not as an agent. In large metropolitan areas, this is the case. It remains only for the less populated communities to follow the pattern.

The variety of and the minimum standards under which agents are licensed in the several states would indicate a substantial field for investigation as to the nature of the public interest in this aspect of the business, Mr. Landis continued.

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He observed that statutes relating to insurance agents are intended as safeguards to the public, are highly regulatory and often penal. In some states, partnerships and corporations, as well as individuals, may be licensed as insurance agents. Certain states require that the fact of partnership be certified to the state regulatory authority (Pennsylvania). The corporate device cannot be used to limit the liability of the individual incorporators as to their trusteeship of premiums collected for companies represented. Also, individual incorporators must be personally licensed. The corporation as such cannot function as an agent.

The agent's authority generally is fixed by contract, between insurer and agent and not between insurer and insured. Cancellation of an agent's license by the company is not constructive notice to the general public of the termination of his authority unless by specific statute such is made the case. Mr. Landis knows of no state which has such a statute in force.

An insurer is bound by the acts of an agent within the scope of the powers which it holds the agent out as possessing, rather than only those acts within his actual authority. Ratification by the insurer of unauthorized acts can lead to the extension of the apparent power.

To be effective against insured, any limitations of the agent's power must be made known to the applicant for insurance. The devices by which this is or could be done are vague and uncertain, Mr. Landis said.

The contract of insurer with agent determines the kind of agent he is. Under the common law, he observed, the three most common types of agents are general, soliciting, and special. It is questionable whether any improvement on the common law is made by those statutes (North Carolina) which attempt to define the kinds of agency more specifically.

If the agent has power to bind the insurer, issue policies on his own initiative, or accept risks, he is a general agent, Mr. Landis observed. The term local agent, in and of itself, means nothing except as to territory or place of agency activity. Appointment of an agent for a particu-

"OH-HE'S BEEN LIKE THAT FOR DAYS — HE HASN'T GOTTEN A LIFE COMPANY YET."

Hartford Fire Wins Exhibit Award At Cal. State Fair

Hartford Fire's 100th anniversary exhibit at the California State Fair & Exposition has been awarded first prize in the business and professional division.

The award climaxed a series of special honors and activites marking Hartford Fire's 100 years of business operation in California. Earlier this year, President James C. Hullett received a scroll from the San Francisco Chamber of Commerce. On the opening day of the fair, William H. Rusher, assistant manager of the Pacific department, received on behalf of the company a 100-year scroll and medal from Gov. Knight of California.

It was just 100 years ago that the company appointed its first agent in California, which then, in 1857, had been a state only seven years. Several years later the company established its Pacific depatment, which presently has 2,300 agents.

lar territory does not affect his apparent authority. Generally, an agent authorized to take a risk in one place raises the presumption he has authority to take a risk anywhere. Acceptance of business beyond the territory defined in the agent's contract is a type of ratification of an unauthorized act.

In connection with this principle, Mr. Landis said, non-residence in a state seems to put a purchaser on notice to inquire into the extent of the agent's authority. Resident agents' licensing laws appear to be commonly known within the business but does the general public know? A company might incur difficulty if it did not police its agents under the requirements of resident agency countersignature laws, he said.

The definition of a soliciting agent is one who takes applications, forwards them to the insurer, collects premiums, and delivers policies—countersigning such policies prior to delivery does not change his legal status to something more, he usually has no power to bind the insurer.

Mr. Landis asks: Where an agent has supplies with which to issue common types of insurance, say fire and automobile, is his status different as to inland marine coverages for which he takes the application only?

If the appointment of an agent is such that his authority requires judgment, skill and discretion and no power of substitution is given, the agent must act in person and the insurer is not bound by acts of a sub-agent. But insurer is bound by the acts of an agent's employe, particularly those acts of an incidental or clerical nature. Services not of a personal nature may usually be delegated. Apparently it is not necessary for an agent to countersign in person all policies issued by him, such countersigning being a mere clerical act which the agent himself can ratify by acknowledgment of his signature made by a clerical employe.

Though public policy usually forbids dual agencies, there are notable exceptions in insurance agency—when there is no conflict of interest, no incompatible duties, or where both principals know and consent. Where an agent representing several fire insurers contracts with a property owner to keep his property insured until further notice but without agreeing to keep it insured in a specific company represented by him, dual agency does not make such an agreement void. If, however, the property owner insists that his property be insured continuously in a particular company represented by the agency, such an arrangement would be void under the dual agency doctrine.

But, if the agent insures property he owns or in which he has an interest, he acts on his own behalf and does not represent the company. He must disclose this fact to the insurer and obtain its assent. Otherwise this would, in the face of an imminent loss, amount to a legal fraud. Public policy, rather than materiality, might be the test.

Such contracts, Mr. Landis noted, are voidable at the election of the company, but in the interest of writing as much business as possible, the issue is rarely made. The point of importance is that insured should always be certain he has a legally enforceable contract. Thus it is to the agent's interest to get the company's assent.

A policy issued to a corporation in which the agent is interested as stockholder or officer is also voidable at the election of the insurer.

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Another legal principle with respect to an agent's liability to insurer is that the agent is bound to know the details of the company's business and the subject matter of printed instructions, including the listing of risks which he is not authorized to write without prior approval of insurer.

Underwriting prohibited lists is such a settled custom in the business that it seems unlikely an agent could defend on the ground that he did not know what class of business the companies he represents are willing to accept, Mr. Landis suggested.

It has been held that where the general agent knew insured was considered a poor risk and would be denied automobile insurance by other companies, but issued a policy to insured and failed to send insurer the daily report which would have disclosed that insured was a poor risk, and where insurer was then required to pay a judgment against insured, insurer was entitled to recover the amount of judgment from its general agent.

It is the duty of an agent, when ordered peremptorily by his company to cancel a policy, at once to exercise reasonable diligence to carry out the order. Not to do so without reasonable cause renders him liable to the company for the resulting loss.

It has been suggested that where a company is sued directly for some mistake or other improper action for which the agent himself might ultimately be liable, the agent be joined. The jury, realizing that in returning a verdict for the plaintiff they are, in fact, taking it out of the agent's pocket, might be shocked into passing upon the issues fairly and equitably.

Reported cases which he has exam-

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ined do not reveal instances of this kind, Mr. Landis said, but there is an increasing number of cases where company and agent are joined as co-defendants and in which the plaintiff asks for his relief in the alternative.

Unless granted the right by his agency contract to use premiums collected personally, the relationship between company and agent is a fiduciary one. The money collected by him is impressed with a trust and can be followed wherever it may be found. The relationship entitles the company to an accounting at any time and on an individual policy basis. It has been Mr. Landis's experience that certain agencies handle their accounting with customers on a running account basis, frequently not sufficiently itemized to be able to account to companies individually for each item of business transacted with a particular customer.

It is the duty of insurer to notify persons who have dealt with their agent, as the company's representative, of the termination of his authority.

An agent is not liable if he neglects to renew an expired policy unless the policy itself provides for continuation by renewal certificate or otherwise. The term "renewal" is, in a sense, a misnomer. Property and casualty contracts are "short term" and each contract is, in a legal sense, a "new" contract. If, however, an agent has agreed to the issuance of a renewal and then fails to do so, he becomes liable for his negligence or breach of contract.

The second part of Mr. Landis's talk will appear next week.

Iowa, Nebraska Auto AR Reports Distributed

The annual reports of the Iowa and Nebraska assigned risk plans have been sent to subscribers by manager Robert L. Hilton.

For the year ending June 30, the Iowa plan handled 6,756 new applications and 3,649 renewals, a total of 10,405. New assignment policies issued numbered 4,045, renewals 3,649, a total of 7,694. The companies rejected 35 applications and the plan 403 and the companies cancelled an additional 508 policies. As of July 1, there were 6,964 policies in effect.

Iowa statistics for 1955 policy year show $166,154 in BI premiums written and $188,822 incurred losses, a ratio of 113.6. PDL written premiums were $156,226 and incurred losses $118,731, a ratio of 76.0. For the policy years 1953-55 combined, the BI loss ratio is 97.3 and PDL 67.7.

The Nebraska assigned risk plan handled 4,263 new applications and 1,883 renewals, a total of 6,146. New assignment policies issued numbered 2,678 and renewals 1 883, a total of 4,561. The companies rejected 13 applications and the plan 238, and an additional 289 policies were cancelled by the companies. As of July 1 there were 4,122 policies in effect.

In the policy year 1955, the BI premiums on assigned risk business in Nebraska amounted to $82,199 and incurred losses $40,924 for a loss ratio of 49.8. PDL premiums were $74,119 and incurred losses $46,865, a ratio of 63.2. For the years 1953-55, BI loss ratio was 71.7 and PDL 63.3.

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INQUIRIES FROM BONAFIDE AGENTS INVITED

Early Action By Adjusters Can Prevent Many U&O Claims From Becoming Difficult

Problem claims under business interruption policies were analyzed by George W. Clarke of the Seattle law firm of Clarke, Clarke, Albertson & Bovingdon at the insurance section of American Bar Assn. at New York.

Most U&O losses are settled satisfactorily without litigation, he said. But there are chances for use of speculation and conjecture which resemble the personal injury field.

The business over a period of years has done an excellent job in amicably settling these more aggravated cases as well, and this is illustrated by the few legal decisions on the subject.

But there are some problems. Mr. Clarke offered suggestions for handling them and cited authorities in point.

The fundamental elements to be determined in the closing of a business interuption loss, he said, are length of the suspension period; amount of income necessarily lost during and as a result thereof; annual business interruption value for use in applying the average clause; and applicability of the provisions relative to expediting.

Legally, in respect to "similar replacement," the actual course which

(CONTINUED ON NEXT PAGE)

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Protect Your Property: Garage your car. Put loose or movable outside objects in a safe place. Remove tree branches that could strike your house. Secure window blinds. Board up, tape or otherwise protect your windows. Be sure that a window or door is left slightly open on the side of the house *opposite* the side facing the wind. This will relieve dangerous pressures. If, after a lull, the wind returns from another direction, change these openings accordingly. Be calm—your ability in an emergency will inspire others!

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In open country move at right angles to the tornado's path. If escape is not possible, lie flat in the nearest depression—a ditch or ravine. In town or city seek inside shelter, preferably in a steel reinforced building. Stay away from windows. In your home take refuge in the SOUTHWEST corner of your basement.

After The Winds: Don't drive unless necessary. Be extremely alert to prevent fires. Don't touch loose or dangling wires. Report broken power lines, sewers or water mains to authorities or nearest police officer. Be diligent and careful!

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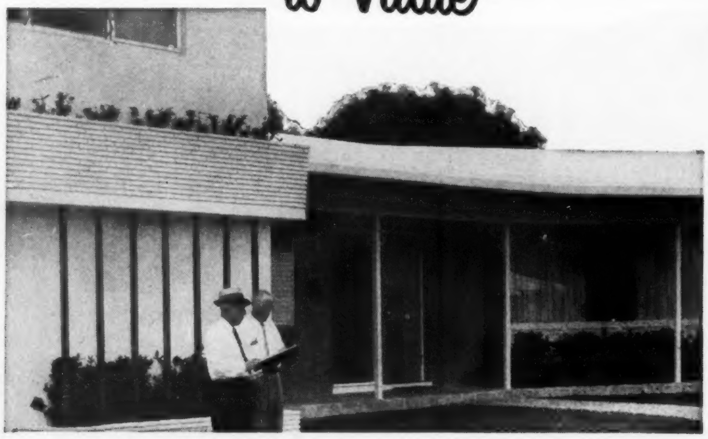

. . . and above we show our Manager Bert Roberts making an estimate of value with Agent Clyde W. Fawcett, of Hollywood, Florida. Prior to the estimate the insured carried $40,000 fire (only) on the dwelling — nothing on contents. Results? The owner was sold a Homeowners C in the amount of $80,000 with insurance on personal property increased to $50,000. For an assist to you — write for our "Replacement Cost Guide 9G".

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insured decides to take should have no bearing whatsoever on the amount recoverable. Under the policy provisions, the suspension period is fixed as the theoretical time which would be required to restore the property to its previous condition with the exercise of due diligence. But practically it is at this point that the method of handling by insurer representatives can have the most important bearing on the claim.

Insured should be immediately informed of the policy provisions as to method of determining the suspension period and the necessity for incurring expediting expense if a saving can be accomplished. Among the cases most difficult to defend, he said, are those where, when rebuilding has been undertaken, the adjuster remains dormant in the early stages, awaits presentation of claim by insured, and then takes exception based upon failure to proceed with due diligence and properly to expedite. While technically the adjuster has proceeded properly, and the recovery should be restricted to what could have been done, the average jury, in the absence of a showing of bad faith by insured, is strongly inclined to accept the time actually consumed. Insured has been out of business during this time, and the jury will be loath to find he did not exercise due diligence or failed to expedite when he claims to have been lulled into security by the tacit acquiescence of the adjuster.

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Failure to take prompt and proper action in the early stages of losses of this nature necessitates more overpayments than any other single cause, Mr. Clarke declared. Money spent for immediate expert advices, when insured contemplates replacement, will normally be returned many times over in eventual saving. Handled properly, it can, as well as tending to prevent ultimate litigation, also create excellent public relations as an extra service offered by the insurers.

The insurers appear in the worst light before the public, he said, when they seek to avoid paying a loss actually incurred by insured by lying quiescent until after completion of repairs and then contending that savings could have been effected by following other methods.

As to "no similar replacement," where insured replaces and a controversy results, it is necessary for the company representatives to urge a theoretical replacement time against an actuality. When there is no replacement, or one with no similarity to the original premises, both parties must deal in theoreticals. Establishing the time required to replace, by the exercise of due diligence, would seem to consist of a simple problem of labor and materials, with not much room for divergence of opinion.

But there is a wide range of expert testimony on time required for even routine construction. If the area is remote, the construction unusual, or the machinery specialized, disparity may increase greatly. This is one intangible which can make these claims difficult, he said. The question of what income was actually prevented is always hypothetical to a degree, whether or not business is re-

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sumed at the original location, and is subject to a greater number of collateral issues than any other segment of the problem, he stated.

The forms provide that, in making the determination, consideration shall be given to the experience prior to the fire and the probable experience after. While previous experience, if available, is used as a guide, it is not regarded as controlling if other elements, such as a change in market price, general demand or salability, might have produced a different result during suspension. The most speculative claims on this issue involve young businesses or those which have just completed a substantial change in operation which, it is contended, would materially have increased their income during suspension.

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For example, one concern converted sheet aluminum into foil by a cold rolling process. It carried $240,000 of business interruption insurance. Although up to a short time before a fire which caused extensive physical damage, the converter plant had been showing a considerable loss, insured, with the assistance of an accountant who had previous experience in U&O claims, filed a 64-page proof of loss supported by 12 exhibits claiming U&O damage of nearly $1½ million. As to suspension, insured argued that even after the building and machinery had been replaced, the extremely close tolerances involved and requirement of highly trained personnel would necessitate an additional 18 months before the efficiency which existed before the fire could be regained.

In support of the huge figure for prevented profits, insured contended that after an extensive and costly development period the process just prior to the fire had been perfected so it could be cashed in upon through greatly increased volume and profitable sales. The adjusters, after consulting competent experts in this business and obtaining accounting and legal advice, arrived at a figure of $80,000 for the loss. Following an examination under oath, and somewhat extended negotiation, the claim was settled for $110,000.

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A manufacturer of gasoline-powered electric generators with no substantial profit experience had, just prior to a fire which destroyed its plant, completed a change in its production line intended to double its production. Proofs of claim were presented predicting tremendously increased income with lessened expense during suspension. Prompt action by the adjuster in obtaining controverting evidence from experts in similar manufacture resulted in an equitable settlement.

A large amount of coverage always involves potential danger, he observed. The obvious argument is, if the companies did not think insured could make that much income, why did they sell that much insurance? Why take the premium and then refuse to pay in full when there is a total suspension? The usual answer, he said, is that the insurance is spread among several policies, issued by different companies, each of which has contracts for sale at a specified price per $1,000. One provision of these contracts, which courts hold is entirely legal and proper, is that in no event can the total recovery under all policies exceed the income which would otherwise have been realized during the suspension period. The individual insurers, in the absence of an investigation, the cost of which would make the premium prohibitive, have no method of determining what this would be. The amount of insurance to be carried is determined by insured, who has the legal right to buy as much and from as many companies as he pleases, but he takes it subject to this limitation.

The best defense is prompt and investigation and getting competent experts, preferably from firms engaged in the same business, and with national reputation if possible. Many suspensions are partial, Mr. Clarke observed. Here, the accounting is accentuated as cost of materials, overhead, ordinary expense and income must be allocated to stages of processing. Here insurer needs the services of a qualified accountant with basic knowledge of the coverage, he said.

The Pickering Lumber Co. case is a good example. Insured owned a large lumber manufacturing plant consisting of sawmill, planing mill, dry kilns, box factory, and similar structures. It also supplied the plant with logs cut by it from its own forest lands. When the box factory burned, insured prepared a claim in which the cost of lumber to the box factory was based upon insured's own production costs, starting from a tree in the woods. This had the effect of crediting the box factory with the profit on the entire operation. Insured attempted to justify it by contending that no profit was realized until the finished product—the box—was sold.

The court, however, accepted the testimony of experienced accountants,

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arguments of insurer attorneys, and the decision of appraisers that each processing step should be considered separately and that the lumber should be charged to the box factory at OPA ceiling prices.

Other courts have ruled also that, when a product has completed one processing, it must be charged into the next at its then market value. While the over-all operation may be making a profit, the particular processing suspended by the loss may not. Unfortunately, Mr. Clarke said, some insurer representatives fail to recognize the dollar difference these apparently routine accounting determinations can make in the amount of the loss payments.

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It is relatively easy for an adjuster to turn an accountant loose to check insured's records, in collaboration with insured's accountants, and accept the result without much inquiry as to the exact work done or the theory followed. It is also easy for an accountant, who does not both thoroughly understand the policy and remain constantly alert to the necessary information to be ascertained, either to overlook or misapply items which will materially affect the amount of recovery. On large, involved claims accountant, adjuster, and company attorney should closely collaborate, with the attorney acting only as adviser unless and until negotations reach a stage where insured calls in his own counsel or active participation seems wise for some other reason.

A complicating and often misunderstood factor is that certain losses of income which insured may suffer as a result of suspension caused by an insured hazard are beyond the scope of the coverage. One limitation is restriction of recovery to loss of income which would otherwise have been earned during the suspension period. In most cases, particularly for firms selling in a highly competitive market, there is a substantial additional but uninsured loss consisting of reduction in income subsequent to the date of full restoration due to natural lag in customer return, customers becoming used to patronizing other suppliers, or customers having stocked up at a fire sale of the claimant's own merchandise.

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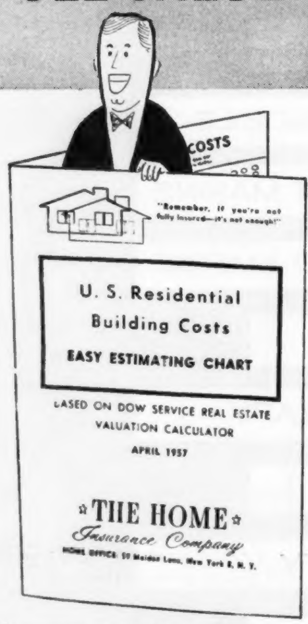
If such loss were insured, claims would be opened up to an absurd degree of speculation, he said. Loss of customers and key personnel is real but there is no way of determining their amount or duration. A fruit broker's warehouse and fruit were burned early in the year. Some fruit he owned and some was owned by others. His insurers paid him the market value of his fruit at the time of the fire. By spring there was a substantial increase in the market. Insured contended that, had here been no fire, he would have purchased, early in the year, substantially all the fruit of others stored in his warehouse at the prevailing low prices and later sold it with his own at the high spring prices. He asked this size reimbursement. This was denied on the ground it constituted a trading profit or dealing in futures in a commodity market and could have been realized despite the fire. Insured could have taken his insurance money and used it with other funds with which he had intended to buy apples, and purchased like amounts on the open market.

Very frequently a fire sale will be

To help you PROVE to homeowners that their homes have gone UP in value

to CONVINCE them they should insure to FULL VALUE

USE THIS EASY ESTIMATING CHART!



It shows—*dramatically*—how replacement costs have risen. It points out—*authoritatively*—the loss homeowners could suffer if not insured to full value. It helps you sell—*quickly*—the extra insurance most homeowners need.

For example, this easy-to-use chart shows that a $10,000 home built in 1946 would cost $15,200 to replace today!

The Home Insurance Company has supplied its agents and brokers with copies of this Estimating Chart, based on figures supplied by F. W. Dodge Corporation, the nationally known source of construction information. If you do not have yours yet—if you want extra copies—ask your Home fieldman or write—

THE HOME Insurance Company
ORGANIZED 1853

Home Office: 59 Maiden Lane, New York 8, N. Y.
FIRE • AUTOMOBILE • MARINE
The Home Indemnity Company, an affiliate, writes Casualty Insurance, Fidelity and Surety Bonds

A stock company represented by over 40,000 independent local agents and brokers

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WORLD WIDE
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CORRESPONDENTS
GENERAL INSURANCE AGENTS

Nation-Wide Multiple Line Plus

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- HIGH RATED AND/OR SURPLUS LINE FIRE
- REPLACEMENT COST (ANY SITE)
- BUSINESS INTERRUPTION
- BURGLARY
  Interior, Exterior, Robbery
- OVERAGE ACCIDENT
- ERRORS AND OMISSIONS
- HIGH LIMIT EXCESS
  Public Liability
  Property Damage, Products
- HULL, P AND I, EXCESS CARGO
- PILOT, EXECUTIVE TRAVEL ACCIDENT

ALL UNUSUAL RISKS
141 W. Jackson Blvd., Chicago 4, Ill.
Cable Enghur—Chicago

held during the suspension period and the income is properly considered as a credit against the U&O claim, Mr. Clarke observed. Where a retailer has a slight fire, he may achieve an increased sales volume through a fire sale which will give him a greater income than if there had been no fire. Here he would have no U&O claim. However, if this profit is to be charged against his U&O recovery, there is no incentive for him to conduct the sale, particularly since it may load up the suspension period. Since it is usually to the benefit of insurers that insured keep the stock and conduct his own fire sale, it may be advisable for joint concessions to be made which would have the effect of inducing him to do so. In one case a major portion of insured's annual side production had, in effect, been sold to his stock insurers for the same price which he would have sold it to his customers. Accordingly, he was better off, gross and net, as a result of the fire.

Key employes, whose salaries have been included as a part of the U&O claim, may spend time on reconstruction work. This time should be subtracted from the U&O claim.

In the adjustment of a U&O claim, the contribution clause can often be an effective weapon in keeping payment within bounds, he said. A claimant with a 100% clause and carrying an amount of insurance based on past experience suffers a short suspension and asks for an excessive amount of prevented income based upon an unduly optimistic picture of the future. It can diplomatically be pointed out tha the same inflation should relate to the value for the entire year after the loss and, in view of the contribution clause, the proposed enlargement of the anticipated income will make little difference in the actual recovery.

U&O customarily written on forms attached to a standard fire policy is subject to appraisal. However, court decisions are confused on whether appraisal can be required and, if so, its proper scope. Also, if the state in which the loss occurs has an arbitration law, what is its effect on the appraisal?

Private Wire System Is Being Installed In State Farm Regional Units

State Farm Mutual Automobile is installing a private telegraph wire system in its 14 regional and 20 field claim offices. The company expects to channel about 33% of the 300,000 telegrams it sends annually over its own wire, and save about $70,000 a year.

Effective Oct. 10, the wire system will be composed of three circuits—one each in the western, central and eastern parts of the country. State Farm offices on each circuit may wire each other directly but will go through a central relay point at the head office in Bloomington to contact offices on another circuit.

BRANCH LOCATIONS
Surveys of economic and market conditions will result in more profitable branch office locations and growth — write in confidence.
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FRANK LANG & ASSOCIATES
One NORTH LASALLE ST. CHICAGO 2, ILLINOIS
521 FIFTH AVENUE NEW YORK 17, N. Y.

Meet To Discuss Role Of Insurance In New York State Highway Safety

What the insurance business can do to prevent automobile accidents and deaths on the highway was discussed at a meeting held in Watertown, presided over by Robert B. Douglass of Potsdam, executive committee member of New York State Assn. of Insurance Agents. Insurance agents, state police, and representatives of the state highway department and safety council attended.

As to what can be done immediately, the group agreed on the use of materials to be placed in the pay envelopes of employes of the major industries in the state, the use of posters and speakers on safety.

Long range, the group agreed to work for stronger sentences to be imposed by judges and justices of the peace and to put the combined efforts of all groups concerned with traffic safety behind legislation designed to strengthen the vehicle and traffic laws.

Travelers Offers Hurricane Chart

Travelers has compiled a hurricane information and tracking chart, which has been made available for free distribution by radio stations and Travelers representatives along the eastern seaboard and gulf coast areas to listeners who wish to plot the progress of threatening storms from radio reports issued by the U. S. Weather Bureau.

Royal-Globe Appoints Clark At Milwaukee

Royal-Globe group has appointed George H. Clark regional manager at Milwaukee to succeed Edward A. O'Neill who has been transferred to Los Angeles. Mr. Clark has been at Chicago.

GROWTH IS NOT INEVITABLE...

The seeds men plant often have a way of withering. But given careful planting and dedicated cultivation, the results are frequently successful.

Sixty years ago, the seeds of a great company were planted. And today, the evidence of just such careful planting and dedicated cultivation is available for all to see in the continuing growth of the Continental Casualty Company—such continuing growth, for instance, as the recent formation of the Continental-National Group, which is one of the largest insurance organizations in the world.

In this Diamond Jubilee Year, why not investigate for yourself and see just how profitable growth with Continental can be.

CONTINENTAL CASUALTY COMPANY
CHICAGO 4, ILLINOIS
A MEMBER OF THE CONTINENTAL-NATIONAL GROUP
Continental Assurance Company
National Fire Insurance Company of Hartford
Transportation Insurance Company
Transcontinental Insurance Company
DIAMOND JUBILEE 1897-1957

ORDEAL BY FIRE . . .

Eighty-five years ago the citizens of Boston watched with horror as flames devastated the heart of the proud city's business district. The sight of this commercial area being reduced to rubble, was a numbing one to the merchants of Boston. The glow, clearly visible sixty miles away, had hardly died before plans were underway for a new and greater commercial center. And, as in the legend of the Phoenix, the world was to see new life arise from the ashes.

The parent company of the Phoenix of London Group, established in the United States for almost a hundred years at the time of this holocaust, moved swiftly to pay its losses. The Phoenix of London Group is proud of its role in helping to rebuild the hub of New England's vigorous economy and its place in Boston's present day business life.

Today Phoenix of London Group continues the tradition of full payment of losses—a tradition upheld throughout seven quarter-centuries of providing protection.

175th Anniversary Year • 1782 - 1957

Phoenix of London GROUP

55 FIFTH AVENUE • NEW YORK 3, NEW YORK

PHOENIX ASSURANCE COMPANY OF NEW YORK

LONDON GUARANTEE & ACCIDENT COMPANY, LTD.

THE UNION MARINE & GENERAL INSURANCE COMPANY, LTD.

Insurers Paying Most Of Losses Not Getting Credit With Public

Neill O'D. Bultman, local agent of Columbia, S. C., writes:

I was interested in reading the editorial entitled "Field Men Toot the Horn for Insurance." It is good to see such work done. We need it.

Some weeks back there was a rather severe wind and rainstorm here in Columbia. It developed that there was surprisingly little damage considering the apparent severity of the storm over a several hour period. Anyhow—

I almost dropped my coffee the next morning to see on the front page of our local paper a news article stating that Allstate already had taken steps to set up adjustment headquarters here in order to handle their claims. On the inside of the paper was a large display ad with the same announcement and stressing that Allstate was bringing in adjusters from all points of the compass and were even then ready, willing and eager to push a claim draft of generous proportions into the hands of every customer in the area even before the victim could get his yap open long enough to report that he had a loss.

I would wager you a nice new winter's suit that they didn't have 100 claims in Columbia. But they were on the ball and they really did a selling job to the public in central South Carolina. And from the good old stock companies—who probably paid off 90% of the losses promptly and generously—what did the public hear about them? They heard—a tremendous diapason of complete silence. Nothing. So who, in the eyes of Mr. John Public, knocked the old public relations ball over the fence? Good old Allstate. Guardian of our risks and fundamental rights to happiness. Hand it to them brother! You or I or anyone else couldn't get a display ad in the morning issue of our paper overnight to save you—much less do as they did, with the whole deal.

So, congratulations to someone. We need more of this sort of thing. How could it be set up here in Columbia for future use?

Sees Coinsurance As Possible Answer To Current Situation

Elliott Middleton of Montclair, N. J., writes:

The editorial, "Time to Act on Rates Is Right Now," in the July 25 issue was extremely interesting. While I am a spectator of the insurance scene these days, when the virus is in the blood one never loses interest in the grand old business.

The rate problem of 40 years ago was different from that of today as the "perferential treatment" was the undoing of the premium income. Many times when I was manager of Tennessee Rating Bureau or Michigan bureau I would see the little rate card that bravely intimated that the correct rate was, say $1. Then some individual of influence would decree that a more appropriate figure was 75 cents, the little red ink line establishing the "going rate." "Going" was perhaps an appropriate term, as the 75 cent rate through the same manipulation could readily become 50 cents if necessary.

Those were the hard-fought days of "discrimination" which, happily, I believe, are now past.

We were not "too timid" in the matter of getting adequate premiums, and I found the commissioners of Tennessee and Michigan most understanding and cooperative.

The problem today cannot be fearsomely dealt with.

A feature of rate structure that I have thought of many times is the application of the coinsurance principle to the dwelling class. The $7,500 loss of 15 to 20 years ago is a $15,000 loss today due to increased cost of labor and materials. Insured with a $30,000 dwelling feels quite secure with a policy of $10,000, as he points out that he is under the protection of an efficient, motorized fire department and his loss cannot exceed that amount.

With the growing knowledge or familiarity with the operation of the insurance business on the part of the layman, coinsurance, I believe, is not the mysterious thing it was some years ago.

Arriving at sound value for the dwelling building is not an insuperable difficulty as any qualified S/A will attest. As for the contents, however, more ingenuity would be required. The coinsurance plan for the dwelling class in cooperation with the National Board plan of carrying enough I believe, in time, would make annual statements more agreeable reading.

La. 1752 Club Names Robert Mundell President

Louisiana 1752 Club at its annual meeting at Edgewater Park, Miss., elected Robert Mundell, Grain Dealers Mutual, president; John Townsend, Northwestern Mutual Fire, vice-president, and C. K. Stephenson, Jackson & Brunson Co. general agency of Jackson, Miss., secretary-treasurer. Fred E. Hasse, Indiana Lumbermens Mutual, and J. M. Morgan Jr., Central Mutual, were elected directors.

Ala. General Buys Agency

Trans-Louisiana Underwriters, Louisiana general agency, New Orleans, has been purchased by Alabama General. John Baradell has been named state agent. He formerly represented Hardware Mutuals in the Lafayette area.

Boston has moved its Connecticut branch from New Haven to 2340 Whitney avenue, Hamden.

you'll soon see

WHY

. . . More and more agents continue to grow with Indiana Lumbermens. For many years, outstanding mutual agents have found Indiana Lumbermens' prompt, dependable claims service—improved coverage—planned advertising aids—make their selling job easier—more profitable.

Write to Home Office for Details

writing:

fire • inland marine

auto • casualty

INDIANA LUMBERMENS MUTUAL Insurance Company

429 NORTH PENNSYLVANIA STREET

INDIANAPOLIS, INDIANA

Slawsby Suggests Modernizing Words, Cover of Inland Marine, Fire Contracts

Some problems of the producer with coverages were outlined by Archie M. Slawsby of Nashua, N. H., member of the executive committee of National Assn. of Insurance Agents, in a talk before the Mariners Club of Connecticut at Hartford. He said he did rather well in the inland marine field in the early days until he ran into his first yacht prospect and found he couldn't understand the insurance language, which, he later discovered, originated with the ocean marine underwriters.

When a loss occurred, Mr. Slawsby tried to decipher whether it was covered. Much damage, especially to speedboats and utility boats, seemed to be excluded. There were many misunderstandings and dissatisfactions.

A client of the agency who owned a boat and two automobiles and had carried much of his insurance with the Slawsby agency for 15 years, had a loss to the boat. It was tied up at a dock with the stern facing the shore. A hunter fired at a bird and hit the boat, breaking the glass on the RPM indicator on the dashboard as well as the windshield. The policy, being archaic, did not cover the damage, Mr. Slawsby said.

He said he wished that the policy form designer, who must have been several centuries deceased, were alive that day, and forced to explain to the policyholder that the glass breakage was not covered. Insured did not read his policies, but neither had he read his automobile policies, which pay for broken windshields. Obviously the gun was not fired in connection with piracy, which would have brought the loss under the policy.

• • •

Mr. Slawsby suggested the language in marine policies, such as barratry, jettison, assailing thieves, detriment, running down clause, etc., be modernized. Few people who own yachts do not also own automobiles. The comprehensive physical damage policy in the automobile material damage field takes its approach of insuring "all risks except" from the marine field. Adaptation of an automobile PHD policy to yacht coverage might be in order and not too hard to do, he said, and it would not be difficult to use some of the procedures of auto PHD. He suggested that the automobile PHD form be bent to cover and fit yachts.

The fire underwriters also have their problems with outdated conceptions and language, he suggested. To the underwriter and claims man "fire" means hostile fire and not friendly fire. But, Mr. Slawsby asked, isn't the smoke from a sudden faultily operating fireplace as dirty as the smoke from a stove? Aren't an innerspring mattress and bedding just as wet whether the windblown rain comes through a window left open as if through a blown-in window?

The advent and acceptance of the "all risk except" kind of policies will make decent honest men again of insured, Mr. Slawsby predicted. He even expects a bettering of experience with the broadening of coverage. The rates are higher and the risks are not substantially increased. The multiple peril policies have been borrowed from the marine underwriters' handiwork.

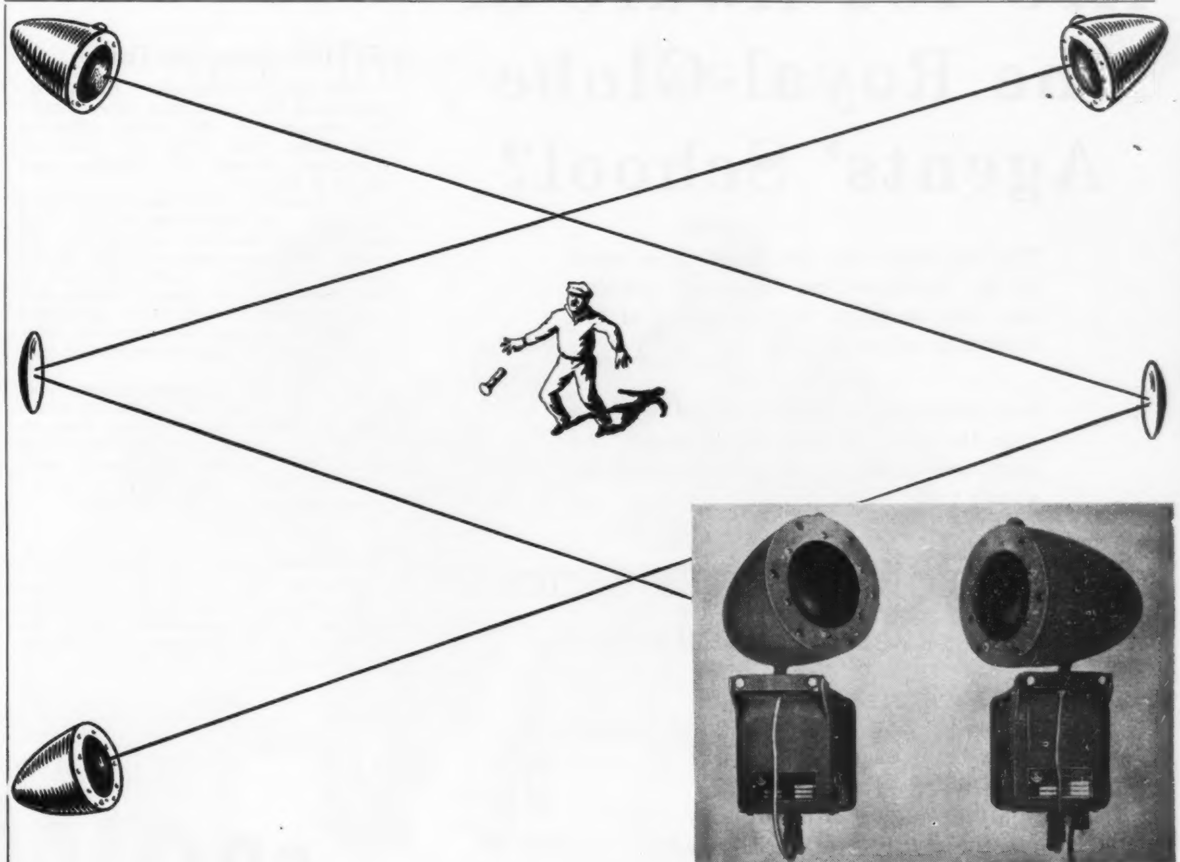
Not long ago one of Mr. Slawsby's competitors paid for a dining room fixture as a windstorm loss though it really fell down because it got tired. He cheated his company, Mr. Slawsby said. Under broader coverage the company at least will receive more premiums for the losses this insured pays without having much of an increase in exposure.

The dearth of able marine men has been created principally by casualty companies going into the marine business, Mr. Slawsby believes. Companies starting out with a small volume of marine business have been hard put to acquire men capable of wrestling with rates and forms. Control of a class makes it easier for these companies to compete in what would be an even more highly competitive marine market. There has been a steady march toward more and more control of marine lines. The same uniformity of form and rate makes available also an easier market in which to negotiate facultative reinsurance.

The impetus toward control, it seems to Mr. Slawsby, has shifted from the "have" to the "have not" companies.

Companies which have assigned to the marine department the underwriting of the commercial property coverage are the ones Mr. Slawsby has found to be easiest and best with which to do business in this field. This trend in development of course has put a great strain upon the ranks of marine underwriters. He suggested that marine men who move up to become package policy and multiple peril men will achieve positions where they can wield great influence.

Wilson-Downs agency of Cincinnati has moved from its downtown location to a large shopping center in suburban Kenwood.



NEW THIEF TRAP: INVISIBLE LIGHT!

Here, at last, is real burglar protection for areas which previously were considered too spacious to protect effectively — or at reasonable cost. Its name — the Kidde Photo-Electric Burglar Alarm System. Here's how it works:

The system (pictured in the small photo) consists of a projector and a receiver — two cone-shaped units, 10½" long and 6½" in diameter.

The projector, equipped with a special filter, converts the light rays into an invisible beam of "Black" light, then transmits it to the receiver. Any interruption of this beam triggers an alarm instantly!

The system is tamper-proof. The "beam" is "modulated" — alternating at a set number of cycles per second. Any attempt to bypass the system by substituting another light beam disturbs the frequency and causes the alarm to sound! Cutting off the beam triggers the system.

Using transistors instead of vacuum tubes, the Kidde Photo-Electric system eliminates tube replacement problems and minimizes service worries.

With the Kidde system, no expensive, special wiring is required. It can be installed simply and easily by one man.

Each "beam" has an effective range of up to 900 ft., and through the use of mirrors can be "bent" to an angle of 90°. This makes the system ideal for guarding out-of-doors areas and large indoor spaces.

Underwriters' Laboratory approved, the system is moderately priced. For more information about Kidde "Invisible Light" protection, write Kidde today.

Walter Kidde & Company, Inc., 944 Main St., Belleville 9, N. J. Kidde

Walter Kidde & Company of Canada Ltd., Montreal—Toronto

Attention:

All Royal-Globe Agents

Are You Aware of the Royal-Globe Agents' School?

The education that the Royal-Globe gives to its "Multiple-Line Fieldman" trainees has long been the high standard of the insurance industry.

Less well-known is the fact that twice a year the same training facilities and the same faculty are available to Royal-Globe *agents* tuition-free.

ROYAL-GLOBE AGENTS' SCHOOL has several advantages:

1. Complete MULTIPLE-LINE curriculum.
Seven weeks of concentrated training organized with the "know-how" acquired by years of developing special agents.

2. CASE STUDY method of instruction.
Learn to analyze the overall risk, the way you must actually do it in practice.

3. Emphasis is on BASIC INSURANCE EDUCATION, rather than sales techniques.
R-G believes that knowledge of product is the best producer of sales.

If you are interested in improving your knowledge of your product, or if you have a young trainee in your office whom you would like to have trained for you, write to our Education Dept. for our course brochure or ask your R-G Multiple-Line Fieldman for information. He can tell you a lot about this course because he is a graduate of a similar one.

ROYAL-GLOBE KNOWN ROUND THE WORLD INSURANCE GROUP

CASUALTY • FIRE • MARINE • SURETY

150 WILLIAM ST., NEW YORK 38, N. Y.

ROYAL INSURANCE COMPANY, LTD. • THE LIVERPOOL & LONDON & GLOBE INSURANCE COMPANY LTD. ROYAL INDEMNITY COMPANY • GLOBE INDEMNITY COMPANY • QUEEN INSURANCE COMPANY OF AMERICA NEWARK INSURANCE COMPANY • STAR INSURANCE COMPANY OF AMERICA • AMERICAN AND FOREIGN INSURANCE COMPANY • THE BRITISH & FOREIGN MARINE INSURANCE COMPANY LTD. • THAMES & MERSEY MARINE INSURANCF COMPANY, LTD. • VIRGINIA FIRE & MARINE INSURANCE COMPANY

Installment Unit Of NAIC To Meet Oct. 16

Commissioner Larson of Florida, secretary of National Assn. of Insurance Commissioners and chairman of the committee on insurance covering all installment sales and loans, has called a meeting of this committee for 9 a.m. Oct. 16, at the Edgewater Beach hotel, Chicago.

An executive session will be held in the morning and an open meeting in the afternoon at which representatives of the industry will be heard.

NYFIRO Promotes Three

New York Fire Insurance Rating Organization has appointed three assistant managers at the central office in New York City. They are Paul B. Guenther, Robert C. Hayden and James E. Blowers.

Mr. Guenther, who has been named assistant manager-comptroller, has been district secretary at Buffalo. He joined the organization in 1939 in the Syracuse territory. Later assigned to New York, he was named Albany district secretary in 1952. He is succeeded as Buffalo district secretary by William T. Skurka, superintendent of special risks there.

Mr. Hayden, assistant manager-research, joined NYFIRO in 1936. Since 1950 his duties have largely been in the field of research in the New York office. Mr. Blowers has been with NYFIRO since 1947. He will be assistant manager-public protection.

Wunderlich Joins Fire Assn. At L.A.

John M. Wunderlich has been appointed casualty superintendent at Los Angeles for Fire Association group. He has been in the business in southern California for more than 20 years.

Service Guide

O'TOOLE ASSOCIATES
Management Consultants
To Insurance Companies
Established 1945
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The LAWRENCE WILSON COMPANY
Managing General Agents
"Unexcelled Insurance Facilities"
SERVICE TO LOCAL AGENTS AND BROKERS EXCLUSIVELY
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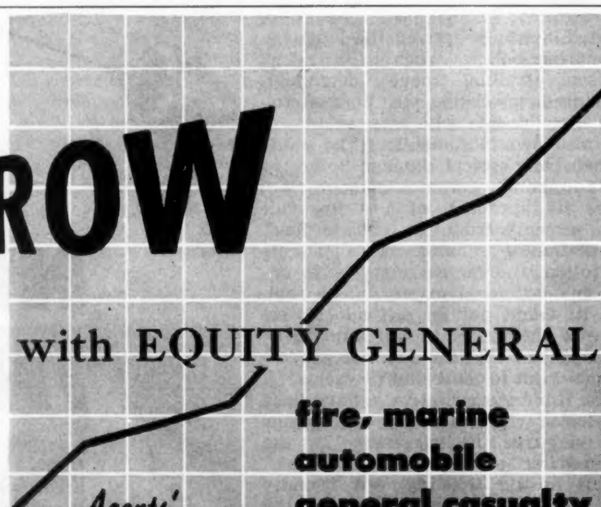

EQUITY GENERAL INSURANCE CO.

901 N.E. Second Avenue

MIAMI, FLORIDA

MEMBER AMERICAN EQUITY INSURANCE GROUP

Minn. Agents Elect Bachman President

(CONTINUED FROM PAGE 1)

Louisiana association, speaking on "Professionalizing the Insurance Industry," pointed out that a professional's strongest reason for existence is the service he has to offer. Commenting that agents are dealing with insured, Mr. Smith remarked the agent's voice must be heard by his company and by his local, state and national associations if he is to do his professional duty to the insured.

An inspiring talk on "Creativity in Selling" was delivered by Dr. G. Herbert True, assistant professor of marketing at the University of Notre Dame, who mentioned some of the needs the agents have for new ideas, new presentations and new approaches to their office procedures and selling techniques.

Paul H. Jones, a member of the national association executive committee, brought the Minnesota agents up to date on the NAIA advertising program. Following his talk a motion was adopted unanimously giving the association's wholehearted support to the advertising plan.

• • •

Ralph Hobbs of Ralph Hobbs Associates, Minneapolis, presented a plan for gearing state level advertising to that done on the national level.

Mr. Hobbs said he is impressed by the fact that hardly a principle which has proved so effective in other lines of business is followed when it comes to selling insurance. While he admitted there are explanations for this, he said he has yet to hear an explanation which holds water when applied to common sense selling and advertising logic.

"I am wondering what has happened to the concept followed by home offices in other lines which feel that their product is not sold until the consumer has bought it," he said, adding that they feel an obligation to make the consumer want their product followed by an equal obligation on the part of the retail outlet to let the consumer know that the retailer has the particular product for sale.

For those who do not agree that the stock company insurance business needs a shot in the arm, Mr. Hobbs recited some figures covering the four years 1952-1955, the latest available.

The 285 stock companies operating in Minnesota in these years gained 21% in the volume of business written. They wrote $90.5 million in fire and casualty business in 1952, and in 1955 they wrote $109 million. However, Mr. Hobbs observed, this includes the direct writer, Allstate, which wrote $834,000 in 1952 and nearly $2 million in 1955.

• • •

The 149 mutual companies operating in Minnesota wrote $61 million in 1952 and $81 million in 1955, a gain of 30%. This doesn't include the reciprocals one of which, Farmers Exchange, wrote more than $2 million in 1955.

In 1952 stock companies wrote 60% of the business and mutuals wrote 40%. In 1955 stock companies had dropped to 57% and mutuals wrote 43%.

Mr. Hobbs said many stock agents have told him there was no money in automobile insurance, "and this is a good thing because the capital stock companies in 1955 wrote $36 million and the mutuals that same year wrote $37.5 million."

In the field of fire and extended coverage, stock companies gained $3.7 million during the years 1952-55, Mr. Hobbs said, while mutuals during those same years had a $4 million gain.

• • •

"It's always a good thing to take a look at what the other fellow is doing in advertising effort and I'd like to give you just one figure," Mr. Hobbs said. "In the Minneapolis and St. Paul newspapers and on Twin City television stations the mutuals and direct writers in 1956 spent $239,722. The expenditures by stock companies and their agents were fractional."

He said in his opinion there is strong need for a national advertising job and this job ought to be done and paid for jointly by the home offices of the stock companies and National Assn. of Insurance Agents. The state associations need to support this campaign by applying the "sell" of the national advertising but applying it on the state level and in effective state advertising media; and—most important—to subscribe what funds are needed to support their share of the national and their share of the state advertising campaign.

"I realize that it is heresy for me to stand here and suggest that stock insurance company home offices ought to be asked to advertise their product to the consumer. Yet they are the exception at the present time, in that they are one of the few producers of a commodity or a service who do not carry the basic load of advertising their product. It makes sense to me to ask the home office boys to take the lead in two things: 1. Tell the consumer the facts about their type of busi-

Now, for your clients...

MONY's Family Policy with Discounts on Larger Amounts!

Now, MONY brings something new to the popular Family Policy. Sold in units of $5,000 face amount on Dad's life, the rate goes down $3.75 per unit when Dad's coverage is $10,000 or more. MONY's Family Policy is available in face amounts of $5,000, $7,500, $10,000, $12,500, and $15,000. Now you can offer your clients the convenience and economy of *one* policy for individual members of the family, *plus* the MONY DISCOUNT... *plus* "MONY-MATIC," the convenient new monthly payment plan available through most banks! For further information about this new policy, send for free booklet, "A Happier Family Picture."

Mail this coupon *today!*

WEATHER STAR SIGNALS ON TOP OF OUR HOME OFFICE
Green.........Fair
Orange.......Cloudy
Orange flashing..Rain
White flashing...Snow

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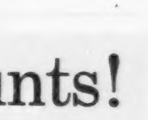
Offices located throughout the United States and in Canada

FOR LIFE, ACCIDENT & SICKNESS, AND GROUP INSURANCE
MONY TODAY MEANS MONEY TOMORROW!

Mutual Of New York, Dept. TR-97
Broadway at 55th St., New York 19, N. Y.

I would like a copy of your free booklet, "A Happier Family Picture," describing MONY's new Family Policy.



Name__________
Address__________
City__________ Zone__________
State__________

Sorry, not yet available in Massachusetts.

2-WAY SAVINGS
for Homeowners and Tenants

THERE ARE FEW protection needs of homeowners and tenants that can't be met through use of the residence package policies. The quick acceptance of the "all-in-one" policy has, in fact, opened up the whole field of the residence and personal lines to agents who do the systematic promotion and contact work that is required to inform and sell these groups.

With the Homeowners and Comprehensive Dwelling Policies, Grain Dealers' agents have the package contracts that give these buyers the broader, economical protection they want. They can offer the added advantage of the *two-way savings* that our package policies provide: Savings through low initial cost, and savings through policyholder dividends. It adds up to a "package" that's hard to top!

Why not talk to our special agents now about ways that Grain Dealers' multiple-line facilities can be used to round out your agency services.

Grain Dealers Mutual
INSURANCE COMPANY
INDIANAPOLIS 7, INDIANA
Western Department: Omaha 2, Nebraska

FIRE • CASUALTY • AUTOMOBILE • INLAND MARINE

ness and in what way they differ from mutuals, and, 2. Devise a trade mark or a moniker, or publicize the one now in existence, to identify it as the mark of a man who sells their type of insurance—and also to build up in the public's mind an acceptance of this man as a citizen of his community."

The function of a joint advertising campaign on the part of the state association is somewhat different, Mr. Hobbs observed. Here the primary function is to sell the consumer or the general public an acceptance of the agency system as it functions in a particular state; the specific types of coverage which are of interest to the public in that state, and the names and locations of agents who offer stock insurance coverage.

"You can't buy a national advertising campaign without also spending money on the state level any more than you can spend your last dime for a new car and not have money to buy gas for it," Mr. Hobbs declared, adding that the reasons are obvious:

"1. You have specific coverages and conditions in Minnesota which the national campaign cannot sell.

"2. The competitive situation in Minnesota may call for activity which would not be proper or possible in the national campaign.

"3. The national campaign cannot concentrate enough money on the Minnesota level to buck the mutuals and directs on a dollar basis.

"4. National magazines cannot give you the saturation you need here in Minnesota. That job is up to you"

Let the national campaign be largely the job of the national stock companies, he advised, and make Minnesota ads sell in Minnesota.

Asks Fire Alarm Case Be Dismissed, Firm Is Gone

WASHINGTON—Federal Trade Commission has issued a decision and ordered dismissed without prejudice an FTC complaint charging Federal Fire Protection Service of Washington, D.C., with using scare tactics and false claims to sell fire alarm systems and misrepresenting itself as being affiliated with the government.

The dimissal motion was made "after every effort to secure service on the respondents was without success." It appears the company is out of business and Richard O. Waterman, executive of the firm named in the complaint, "has left for parts unknown."

Siegenthaler Joins Commercial Union

Commercial Union-Ocean group has appointed Edward A. Siegenthaler an assistant secretary. He will be in the head office fire underwriting department. He formerly was assistant manager of the metropolitan New York department of Security-Connecticut.

Name Roberts To IM Post

Michigan Mutual Liability has named John H. Roberts to head the inland marine underwriting department.

That's the way you want your income to go . . . *UP!* And here's the way you can make sure it does. Our complete Inland Marine underwriting facilities are geared to meet competition . . . to make your selling task lighter, your profits higher.

Here you'll find the *right* policies, the right rates and the same fast, dependable service for which our companies are known . . . *all* the advantages that keep our agents' incomes moving in one direction, UP!

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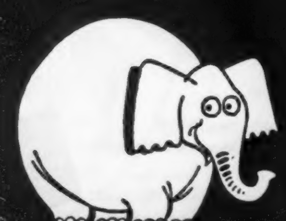

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AMERICAN BUILDING • SEATTLE 4

FTC Wants Second Court Chance With Insurers

(CONTINUED FROM PAGE 1)

brief in the National Casualty case. Here are some excerpts:

"Under these two decisions, commission jurisdiction is automatically extinguished upon the mere enactment of state laws relating to insurance advertising practices, 'extinguished' without regard to the fact that the transactions may, as a practical matter, be beyond the scope of effective state regulation; without regard to the fact that the transactions may have both interstate and intrastate aspects; and without regard to the fact that the federal action would not conflict with state action.

"As this court noted in U.S. vs Southeastern Underwriters Assn., the power granted Congress (by the commerce clause) is a positive power. It is the power to legislate concerning transactions which, reaching across state boundaries, affect the people of more states than one;—to govern affairs which the individual states, with their limited territorial jursidictions, are not fully capable of governing. This inherent incapacity of the individual states, with their limited territorial jurisdictions, was left unchanged by the McCarran-Ferguson act, which indisputably did not add to the jurisdiction possessed by the states prior to the Southeastern Underwriters decision. As pointed out in Maryland Casualty vs Cushing, . . . Even the most cursory reading of the legislative history of this enactment makes it clear that its exclusive purpose was to counteract any adverse effect that the court's decision (in Southeastern Underwriters) might be found to have on state regulation of insurance. Thus, the House report accompanying the legislation flatly stated: It is not the intention of Congress in the enactment of this legislation to clothe the states with any power to regulate or tax the business of insurance beyond that which they had been held to possess prior to the decision of the U.S. Supreme Court in the Southeastern Underwriters Assn. case. To the extent, therefore, that the individual states, with their limited territorial jurisdictions (were) not fully capable of governing insurance transactions which, reaching across state boundaries, affect the people of more states than one, that condition necessarily continued after enactment of the McCarran-Ferguson act. The result, in the absence of federal regulation to fill the void, is a legal vacuum—a no-man's land which is not effectively regulated either by the states or by the federal government.

• • •

"As Congress recognized in enacting the McCarran-Ferguson act, the 14th amendment imposes substantial limitations on the power of the states to regulate out-of-state transactions. These limitations have not been eliminated as a result of later decisions of this court.

"In addition, wholly apart from constitutional limitations, the authorities of one state can hardly be expected to devote their necessarily limited financial and manpower resources to the investigation and prosecution of misrepresentations made to the citizens of the other 47 states. And prior decisions of this court have referred to the unwisdom, unfairness and injustice of permitting policyholders to seek redress only in some distant state where the insurer is incorporated. (Travelers Health Assn. vs Virginia, citing Lumbermen's Ins. Co. vs Meyer, Spratley.) On the other hand, any attempt by one of the other 47 states to deal inside its boundaries with advertising originating elsewhere would fail to get at the source of the evil; it would deal only with a symptom rather than the cause.

"The problem is even more acute where an insurance company employs no local agents and has no office or assets within the state. In those circumstances, there would seem to be no way in which a state could protect itself from false advertising disseminated from out-of-state points through the media of the U.S. mails (as in the instant case), newspapers, magazines, radio, or TV. Yet, under the decision below, the commission is precluded from acting even in that situation, so long as the states involved have enacted legislation relating to insurance advertising.

"The legislative history of the McCarran-Ferguson act affords no basis, we believe, for any assumption that Congress intended to establish this legal vacuum—this no man's land—between federal and state authority. On the contrary, both the House and Senate reports on the bill emphasize that the purpose of the legislation was to secure adequate regulation and control of the insurance business. As already shown that purpose cannot be accomplished under the construction adopted by the court below. Which leaves the advertising practices of insurance companies beyond the scope of effective regulation."

THE *Best* PROTECTION is ATTENTION and SERVICE

Your clients will want to know about the advantages of the "overall" protection of the dwelling package policies.

Follow through on the momentum of the country-wide radio and T.V. "Be Fully Insured" campaign. Tell them about the convenience and security and sell them the one policy that gives them broad protection against—Fire—Theft—Windstorm—Other Perils and Comprehensive Personal Liability.

We will supply the sales aids—you supply the attention and service—and, in common effort, your premium dollars will grow.

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The National Weekly Newspaper of Fire and Casualty Insurance

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EDITORIAL COMMENT

Interest In Insurer Stocks Reflect Times

For the first time in several years there are now a number of well informed stockbrokers who are no longer recommending to their clients the purchase of shares in fire and casualty companies. Instead they are counselling investors against their purchase. They are convinced that an investment at this time in the stocks of fire and casualty companies might prove to be unwise. This is the opposite of the advice being given six or eight months ago.

The attitude of the buying public itself has undergone considerable change. During most of this year there have been a number of articles in financial papers descriptive of the unfavorable results that the fire and casualty companies are having this year and pointing out that the record is worse than that of a year ago in respect to underwriting losses. Reports on individual companies have been unfavorable in most cases and in many instances have been given wider publication than when they had been favorable. The public has gradually acquired the idea that the fire and casualty companies are encountering stormy weather, that the going is rougher in 1957 than it was in 1956, and that until there are clearer skies and smoother sailing the shares of fire and casualty companies might well be avoided by investors.

One stockbroker who has specialized in insurance shares for a quarter of a century said of this situation the other day, "That there is not a strong or sustained demand for the shares of good fire and casualty companies is demonstrated by the fact that many of them can be purchased at a 30 to 50% discount from their net asset value. Looking at it from this standpoint, the present day prices seem to be ridiculously low. It is true that the underwriting results are very unfavorable and may even be worse for the 12 months of this year than for the same period of 1956, but we all know these companies are not going to go out of business, that they are passing through a difficult time but that readjustments of a favorable nature will be made, and so for any investor of courage and patience fire and casualty stocks seem to be in a buying position. They should not be avoided by investors as they are now. If there can be even a reasonable adjustment of the principal problems of the fire and casualty companies, it is not unreasonable to believe that they will be selling at two or three times their present prices within that number of years. They are paying their dividends out of interest earnings only and so an investor does not need to fear that dividends will be cut or discontinued. It is true that the surplus accounts of many companies went down in 1956 and will decline again in 1957, but there will be an end to this trend and it should come within two or three years at the most."

But many stockbrokers find that investors have the belief that because of the heavy losses of surplus, companies are liable to trim their dividends or in some cases even omit them. This is the belief of prospective investors rather than stockbrokers, however. For the most part, brokers generally still regard fire and casualty companies stocks as of high grade investment quality but in some cases they feel that it is almost too much of a struggle to try to convince investors that there will not be a further decline in these equities.—Howard J. Burridge.

PERSONALS

Announcement has been made of the coming marriage of Malcolm L. McConnell, son of Commissioner **F. Britton McConnell** of California and Mrs. McConnell, to Miss Mary Elizabeth Knight of Kansas City, Sept. 28.

Lewis Shade of the Bennett & Shade agency of Decatur, Ill., and Mrs. Shade on Sept. 7 celebrated their 50th wedding anniversary. Their two sons, William and Robert, are members of the Bennett & Shade agency.

Ray Murphy, general counsel of Assn. of Casualty & Surety Companies, achieved fisherman fame last week when he caught a 348-pound blue marlin off Shinnecock inlet Long Island, near the Hamptons. This was the second marlin to be taken in Long Island waters this year and was the largest. Mr. Murphy was using light tackle and he worked 6½ hours to land the big fish.

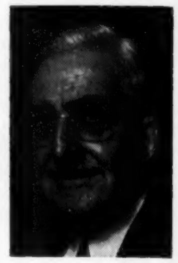
Superintendent **C. Lawrence Leggett** of Missouri has set a new record for tenure of office in his state. He has surpassed the record set by the late Ben C. Hyde, who was head of the department from Oct. 1, 1921, to March 10, 1929. Mr. Leggett took office Nov. 25, 1949, and as of Sept. 12 was four months and seven days ahead of Hyde's record. He began his business career in a bank at Palmyra, Mo., then was in the automobile business as a dealer, and in 1933 sold his interest in the agency to enter public service as auditor in the Missouri state auditor's office. In 1937 he joined the insurance department as an examiner, becoming senior examiner, and with the exception of two years as accountant for a Kansas City insurer, he has continued with the department through both Democratic and Republican administrations. He was reappointed Feb. 10, 1953, for four years, and on Feb. 10, 1957, was named for another four year term.

Leo B. Menner's five-gaited horse, Miss Patricia, won the trophy in the open class at the horse show at Dunham Woods Country Club, near Chicago, last week. Mr. Menner leads Leo B. Menner & Son of Chicago.

DEATHS

OSCAR A. KOTTLER, 61, executive vice-president of Life Of Florida, died. Previously, he had been deputy commissioner of the Pennsylvania department from 1945 until 1955 and senior examiner of the Florida department. He had also been resident manager at Philadelphia for J. Huell Briscoe & Associates, actuaries, management and insurance consultants of Chicago. Mr. Kottler was past president of both Pennsylvania and New Jersey Fraternal Congresses.

IRVING C. WILLIAMS, retired vice-vice-president and secretary of Rough Notes Co., died at his home in Indianapolis after an illness of three years. He was 84 years old.


Irving Williams

Mr. Williams joined the Rough Notes Co. in 1896 and was with it for 55 years. He became vice-president and secretary in 1916 and for many years was editor of *Rough Notes* magazine. He wrote a number of books on insurance subjects, and also was the author of some books for teen-age boys.

For 38 years Mr. Williams was secretary of Indiana Blue Goose. When he let it be known that he would have to retire from those duties, he was advanced through the ranks in one swoop to Most Loyal Gander in 1950.

Mr. Williams was born Aug. 4, 1873. He attended Purdue university for two years, and then had various jobs until in 1896 when he applied to Dr. Henry C. Martin, founder, general manager and editor of *Rough Notes*, for a position. The company had been started in 1878, and *Rough Notes* had become a leading weekly insurance newspaper. Part of Mr. Williams' new job was to deliver copies each week to the Indianapolis subscribers. After a few years he became assistant editor, taking over more and more of the editorial responsibilities as Dr. Martin advanced in age.

Among Mr. Williams' most important news contacts were the field men, and he won their high regard. He was elected wielder of the Indiana pond in 1909 just a few years after it was chartered, and held the job until he retired in 1950—by many years the longest term of service in the annals of Blue Goose.

After Dr. Martin died, the company came under new management, and *Rough Notes* was changed to a monthly magazine with Mr. Williams as editor. It was devoted to selling and put emphasis on better underwriting and better agency management. Mr. Williams was on the job as editor of the magazine from 1917 until 1950 when he retired at the age of 77. He became ill less than two years later.

Mr. Williams throughout his life took an interest in young people. He taught a Sunday school class in his church, of which he was trustee and an elder, for nearly 50 years, and helped organize the first Boy Scout troop in his church. He was a charter member of the Indianapolis Council of Boy Scouts, organized in 1914, and took part in its work until he retired from most activities in the early 1950s.

ROBERT K. PHELPS, 58, manager of Illinois Inspection Bureau at Chicago since 1950, died after an extended illness. Mr. Phelps joined Michigan Inspection Bureau after graduating from University of Michigan in 1924 and became branch manager at Saginaw in 1934. In 1941, as a major in the National Guard, he was called to active duty. He rose to the rank of colonel and from 1947 to 1949 was military

governor of Frankfort, Germany. In 1950 he joined the Illinois Bureau at Chicago and for a time managed both the Illinois and Indiana inspection bureaus upon the retirement of E. M. Sellers from the Indiana post until a successor could be named.

J. AUBREY CRANE, 81, retired auditor of Indemnity of North America at Boston died in his home in Framingham, Mass.

GLENN MARSHALL, 56, Norton, Vt., agent and assistant judge of Essex county, died. He was also a former member of the Vermont legislature.

ERWIN H. OLMSTEAD, 78, agent of Morrisville, Vt., for 50 years, died.

DAVID H. FELDMAN, 65, New York insurance broker, died at St. Joseph's hospital in Far Rockaway, Queens, N.Y.

GARY E. GILLIS, 55, New Orleans agent, died of a heart attack in Hagerstown, Md., while enroute home from vacation. He was a past president of New Orleans Insurance Exchange.

American Universal of Providence has appointed Assistant Secretary Roger P. Myette agency supervisor. He has been in charge of agency development and operations in Rhode Island seven years.

NAUA Increases Mass. Rates For Auto PHD

National Automobile Underwriters Assn. has revised auto physical damage rates in Massachusetts, effective Sept. 4.

Comprehensive has been increased $1 to $6 throughout the state. The $50 deductible collision has been increased 7% to 10% statewide. Corresponding adjustments have been made in $100 deductible collision rates, **and 2C collision** rates have been increased 30%.

The 40% discount applies on $50 deductible comprehensive.

Frigon Joins Erion & Co.

I. S. Frigon, for 10 years manager of the marine division of Underwriters Adjusting at Chicago, has joined Frank L. Erion Co. in Chicago, specializing in inland, ocean and yacht adjustments.

Before going with Underwriters Adjusting in 1947, Mr. Frigon was with Western Adjustment at Detroit, for nine years as marine supervisor for Michigan. Before that he was marine loss supervisor for Aetna Fire at Chicago.

Halberg Enters Legal Field

Carl W. Halberg, who has been with Thomas D. Gemerchak, independent adjuster at Cleveland, has resigned to devote his entire time to the practice of law. Mr. Halberg has been a member of the Ohio bar for 19 years. Before going with T. D. Gemerchak, he was with Western Adjustment.

D. J. Lawson Becames A&S Manager Of Illinois R. B. Jones

Delano J. Lawson has joined Illinois R. B. Jones as manager of the accident and sickness department, including general production. He is rejoining the organization with which in 1950, he started in insurance in the underwriting and production department.

Mr. Lawson went with Newhouse & Hawley in 1952 in the production unit, subsequently becoming manager of the accident and sickness department.

He attended Illinois Tech. Mr. Lawson's father is E. D. Lawson, vice-president and manager of the western department of Firemen's Fund group.

Canton, O., Blue Cross has petitioned for a rate increase.

PRODUCTION POINTERS

ZURICH-AMERICAN INSURANCE COMPANIES

YOU Know...

...But Does HE?

Ask one of your prospects what the term "marine insurance" means. Chances are he'll reply that it's insurance for ships and cargoes. He'll probably be amazed to learn that the insurance he carries on his golf clubs . . . on his wife's jewelry and furs . . . is also marine.

• It's often difficult for your prospects to understand that marine coverage extends far beyond the sea way and shore line. Theaters and department stores, art gallerys and radio-TV stations, even physicians, laundrymen, and contractors are prospects for marine protection.

• Each time you survey a commercial or personal account, keep in mind the expanding facilities of Zurich-American's Inland Marine Department. The Zurich-American field man will be glad to help you explore the full sales potential of profitable Inland Marine lines.

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American Guarantee and Liability Insurance Company
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WITH CONTRACT BONDS NEEDED EVERY INCH OF THE WAY

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Let American Casualty help you with unexcelled bonding experience, judgment and know-how . . . with preferred rates for qualified contractors *. . . and with complete multiple line facilities* that enable you to "wrap up" the entire account.

Surety Bonds and all lines of insurance—everything from the Contractors' Equipment Floater to the Comprehensive Liability Policy. Let us know how we can best help you.

AMERICAN CASUALTY
COAST-TO-COAST BRANCH OFFICE SERVICE
HOME OFFICE: READING, PENNSYLVANIA

Wraparound Windshields—Cut For Insurance

(CONTINUED FROM PAGE 3)

been covered. You have collected premiums and paid losses for it in three parts of your policy: A very small part of the PDL dollar, a larger part of the deductible collision and fully under comprehensive. I do not believe anyone can separate these figures.

Auto glass must be thought of differently if we are to understand the facts that follow:

In a new car, glass represents 8% of the car value.

During the second year, it represents 12% of the car value.

In the third year, 17% of the car value.

In the fourth year, 25% of the car value. An average value of 15% plus.

Losses cannot be replaced with used glass—neither can glass be repaired, straightened, adjusted; it must be replaced entirely with new glass.

To prove the lack of understanding, I have on my desk an offer to insure a 1954 Buick for comprehensive coverage for $8. This car has a shaded windshield that cost at retail $124 installed. We will show it costs $8 to insure the glass, annually, when the car was new and worth $3,600 and costs the same amount to insure four years later when the car value is $1,000. Thus, the glass claim dollar does not reduce as the value of the car falls.

Under these conditions, is it not common sense to anticipate from glass alone a loss ratio of 8% to 15% of the entire physical damage claim dollar? It has never been before but that day is here now, owing to the large windshields.

Many different and strange things take place as a result of the use of $100 windshields. For example: If under collision with $100 deductible, one had a collision loss that cost $175 including a windshield, the owner no longer pays $100 under collision but pays only $75 as the loss is paid under comprehensive and charged to comprehensive. This situation and others are for you to ponder and indicates the glass claim dollar is truly complicated.

In order to clear the deck to get ready for windshield costs under comprehensive we should glance at the table below.

The weighted average price of all the glass installed in a 1957 automobile is:

	Retail Installed Price	Wholesale Installed Price	You Can Expect Your 1957 Model Glass Dollar To Be Spent In These Percentages
	$	$	
Windshield	108.25	85.25	75%
Side Lights	83.50	67.00	22%
Back Lights	58.25	47.75	3%
	$250.00	$200.00	

BACK LIGHTS

They are curved tempered glass that seldom break. The only breakage cause is collision or temperature extremes mostly due to very hot weather when they disintegrate. Sizes of glass will increase, but there should be a decrease in the claim dollar in the future due to better, more cushioned mountings.

SIDE LIGHTS

Door, quarter and vents in all recent cars have been mounted much better. Eliminating faulty and poor installation will result in some reduction of losses.

Some 1957 Chrysler cars for the first time in the United States are equipped with tempered glass in the doors. You will hear much about it in the months ahead. It is a hotly debated item in both automotive and glass circles. Its questionable safety factor must be balanced against lower cost. Its future use cannot be predicted. The insurance industry must balance lower glass replacement cost against likely higher casualty and medical costs. My personal opinion is—it's a less desirable product.

• • •

Tinted, heat-absorbing glass in use in perhaps 30% of all cars at a higher cost has many benefits. the one objection is a claimed reduction in night visibility. Some compromise in reduced tinting would retain most of the benefits and reduce questionable objections. It could then be standard equipment in all cars at no extra cost. Huge saving in service would result as inventories of windshields would drop 40%. To become a reality marginal profit motives will have to be surrendered in the interest of safer driving.

• • •

What causes windshield breakage? Will it increase, decrease, what can and should be done to reduce breakage frequency?

Under comprehensive coverage a survey of many hundreds of windshield loss reports shows over 90% are broken by flying stones. Stones, the size of them and the speed at which they travel must be understood.

A handful of stones up to the size of marbles can be tossed at a windshield and they will bounce off with no damage. A stone the size and shape of a pea or a navy bean can be thrown hard, at a speed of about 50 miles per hour with no resulting damage. Double the speed by use of a sling shot to

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NEW HAMPSHIRE FIRE INSURANCE COMPANY
MANCHESTER

GRANITE STATE FIRE INSURANCE COMPANY
NEW HAMPSHIRE

100 mph and the laminated glass breaks every time. Thus there is a direct relationship between the speed stones travel or the speed cars are driven and the breakage frequency.

With this knowledge let us examine the results of some 20 states having laws requiring the use of large reinforced rubber stone deflectors hung in back of the rear wheels on all heavy duty trucks and trailers. They do protect the following vehicle from stones and have been a help in this respect. We now find a huge increase in breakage to oncoming cars as they pass trucks. This is what takes place: Stones picked up by the left side tires are literally batted forward by the left deflectors moving ahead at, let us say, 50 mph, the speed of the truck. Only a few hit the windshield of the oncoming car, but at a speed of 50 mph, because the combined speeds of the car and stone is about 100 mph, breakage occurs nearly every time. It seems kind of foolish to have half of the truck industry spend $50 million to equip their units with such partial or questionable benefits. One immediate inexpensive answer is to mount the left side deflectors at an angle to the inside so the deflected stones would be trapped by the undercarriage of the truck or trailer.

Another possible solution would be to make the deflectors out of a metal mesh that would absorb stones rather than bat them forward at increased speed. Intelligent research is necessary to revise existing laws and correct this condition before additional states pass such futile regulations.

Proof of how serious this breakage is comes from inspecting hundreds of windshields broken when passing oncoming trucks. We always discover small star breaks, bulls eye or half moon damage caused only by small stones traveling at very high speeds. An encouraging note is found on new 1957 cars equipped with 14" tires. They have very narrow tread grooves that will only pick up the very smallest pebbles. This coupled with the very long and low overhang gives almost complete protection to both following and passing cars.

Gravel free roads are the real and ultimate answer. It's good to see thousands of miles of new highways with wider roadbeds, with grass shoulders, paved access lanes and curbing to prevent gravel wash where necessary. Our federal road program will assure thousands of miles of such highways.

It is safe to say millions of car miles can be driven on some of our new freeways without having a windshield broken. In some areas the rebuilding and resurfacing of old roads is being done with these factors in mind.

More and more miles of gravel free highways are coming into use. Car speeds by law have apparently reached a maximum. It is therefore a common sense conclusion that we can look forward to a significant frequency decrease in the immediate years ahead.

In the succeeding 3 sections we will follow this outline:

Part II—(A) Why it costs 9 times more to insure a wraparound and why it's worth it; (B) Aggravated losses cost millions and how to stop them, and (C) Actual glass loss figures with an understandable interpretation.

Part III—We drive by our eyes—more safely through wraparounds. Highway Hypnosis and Speeditis.

Part IV—(A) Confusion and cost of paying for plastic parts; (B) Why insuring 3% of the cars for comprehensive can cause an underwriting loss on 15% of all cars; (C) Some new consideration should be given comprehensive underwriting; (D) Rapidly changing cars offer a challenge too great for averages to absorb, and (E) Final summary.

U. S. Sen. W. F. Knowland of California will be the principal speaker at the CPCU all-industry luncheon at San Francisco Oct. 8.

GAB Estimates Hail Loss Of $190,000 At Gillette, Wyo.

General Adjustment Bureau has sent a notice to companies reporting a total estimated insured loss of $190,000 from 800 claims resulting from a hailstorm which struck Gillette, Wyo., Aug. 31.

Dwellings and mercantile risks were hit hardest, with 550 dwelling claims averaging $200 each and 100 mercantile claims at $400 each expected by the bureau. One hundred automobile claims at $150 each and 50 house trailer claims at $400 are also expected. Large individual losses occurred at one high school when damage was estimated at $3,000 and at one grade school which sustained $2,000 damage.

Elect Layzell At Bellingham, Wash.

Bellingham (Wash.) Assn. of Insurance Agents has elected R. P. Layzell president to succeed Duff Sutherland. Also elected were Morgan Wheeler, vice-president, and Anne E. Byrne, secretary-treasurer (reelected).

When the lights went on in New York

Chubb & Son was already six months old

The click of the switch that lit the lights in New York on September 4, 1882 was far more significant than it appeared at the time. It did more than show electricity had become a household servant, it ushered in a mechanical era that was to change all concepts of insurance protection. An era in which Chubb & Son, organized just six months before, was to play an important part.

At first the new firm's interest was largely ships, but its willingness to apply fresh thinking to the challenge of the times soon broadened its scope to the point that its business today is world wide and includes almost every form of insurance, except Life.

This year, in celebrating its 75th anniversary, Chubb & Son with a continuity of management and tradition continues to look ahead and plan ahead to meet the challenge of a new era—an era of electronics, supersonic speed and atomic power.

CHUBB & SON 1882

CHUBB & SON, *Underwriters*

90 John Street, New York 38, N.Y.

California Department Reports On First Six Months Business Nationally

(CONTINUED FROM PAGE 4)

	Premiums Earned $	Net Underwriting Gain or Loss $	Net Investment Gain or Loss $	Increase or Decrease in Surplus $
Continental	15,242,251	—2,418,813	2,849,447	—16,038,901
	30,638,054	—5,354,925	9,975,484	1,758,566
Commercial	5,903,987	—378,310	323,894	—900,907
of Newark	11,965,012	—1,058,520	660,089	—1,687,254
Detroit Fire	1,135,779	—145,309	126,304	—429,036
& Marine	2,360,279	—319,558	242,618	62,798
Dubuque F.&M.	730,447	89,931	34,536	— 50,089
	1,507,501	—247,001	70,230	—168,143
Eagle Fire	1,078,215	—265,284	57,412	—240,882
	2,197,236	—595,058	116,120	—722,761
Emmco	6,229,332	596,291	203,863	—342,799
	12,214,206	979,635	388,322	— 21,708
Empire State	1,067,930	—111,830	57,453	—124,003
	2,160,776	—207,941	97,892	— 19,134
Employers	4,908,680	380,226	134,875	—539,858
Casualty	10,056,059	206,632	276,403	—597,099
Employers	4,061,343	—192,448	191,673	—190,955
Fire	8,252,873	—851,631	366,734	—408,328
Employers	149,312	46,710	19,181	36,628
National	318,482	19,709	39,813	51,373
Employers Re	6,200,611	914,134	366,397	345,001
	12,343,365	1,337,536	741,499	136,623
Equitable F.&M.	1,435,041	—176,308	112,009	—496,773
	2,954,777	—300,001	255,361	142,897
Estate	14,059	7,372	5,004	168,641
	19,732	17,779	26,463	278,650
Excel	62,539	—12,017	19,458	—65,305
	138,549	—47,795	39,010	82,523
Exchange Cas. &	605,233	—109,834	10,463	—85,111
Surety	1,377,544	—114,153	22,249	—94,925
Federal	13,064,554	116,077	1,068,031	—2,350,285
	26,479,590	—53,026	2,138,495	845,877
Fidelity &	29,783,263	—3,330,253	2,597,471	—7,134,816
Casualty	54,816,877	—6,633,585	6,481,900	951,439
Fidelity &	4,883,863	657,963	340,303	—814,977
Deposit	9,781,015	1,989,754	784,483	937,241
Fidelity-	12,291,072	—1,650,609	2,372,216	—15,493,740
Phenix	24,660,150	—4,036,180	11,483,942	3,802,181
Fire Assn.	8,376,415	—1,169,009	535,083	—2,461,358
	17,579,025	—1,624,866	1,087,555	—1,003,246
Firemen's	19,679,742	—1,273,691	1,124,444	—5,148,926
of Newark	39,882,972	—3,528,803	2,487,353	—8,277.241
First National	1,356,961	—212,651	102,281	—9,765
	2,656,681	—698,631	211,195	—195,199
Fulton Fire	———	———	28,986	—66,980
	———	———	74,707	—1,472
General	8,636,830	—1,139,919	465,331	—1,378,140
Casualty	17,353,097	—1,977,202	900,986	—427,395
General	32,145,462	966,442	1,142,583	524,002
Exchange	63,839,140	—366,305	2,344,663	2,239,690
Export	204,174	219,433	101,089	—1,943
	321,124	315,533	135,588	233,565
General of Seattle	12,976,962	1,366,081	629,033	—1,807,687
	26,539,130	844,299	1,396,551	—256,794
General	694,273	19,291	94,124	—11,985
	1,411,080	—158,238	142,929	—213,304
General Re	11,016,383	—187,687	673,065	—682,351
	21,878,908	—522,249	1,283,264	611,069
General Sec.	2,416,028	—563,902	109,264	—798,574
Assurance	5,060,707	—1,042,128	314,608	—995,731
Germantown	258,498	97,869	43,370	—14,977
Fire	491,143	116,083	80,631	169,638
Glens Falls	18,989,254	—1,654,003	834,190	—3,008,053
	38,273,696	—2,719,081	1,635,040	—1,432,171
Globe &	1,412,891	—100,742	115,885	—278,699
Republic	2,842,128	—260,631	236,635	—77,618
Globe	8,190,122	—693,300	374,431	—957,991
Indemnity	16,621,410	—1,101,890	846,604	—822,725
Government	7,245,400	1,002,045	303,387	611,549
Employees	14,935,682	1,815,457	672,403	619,567
Granite State	1,432,450	—3,224	219,436	16,002
	2,975,622	—106,737	367,846	176,804
Great American	10,708,798	—1,964,514	467,698	—3,105,294
Indemnity	22,138,778	—2,983,207	1,032,568	—2,393,822
Great American	18,172,136	—2,286,013	1,768,668	—11,193,217
	37,755,111	—5,081,102	3,745,779	—4,097,306
Gulf	4,538,014	—135,665	211,291	—122,783
	9,095,893	—1,040,157	470,508	—718,226
Halifax	348,932	30,692	32,270	25,681
	743,600	—36,660	62,133	36,483
Hanover Fire	7,561,783	—880,196	315,102	—1,749,572
	15,719,162	—1,747,960	1,271,837	—1,822,477
Hartford	47,916,688	—5,187,023	2,213,614	—6,309,561
Accident	98,166,479	—6,164,084	4,266,352	—4,184,407
Hartford Fire	37,719,016	579,508	3,086,755	—1,208,280
	76,166,384	—558,343	6,170,871	2,580,450
Hartford Live	260,802	91,405	50,234	—23,545
Stock	531,860	102,454	100,927	115,754
Hartford Steam	4,817,812	—203,782	398,258	—1,107,538
Boiler	9,651,358	639,978	1,284,407	737,740
Health Service	908,733	10,085	22,131	28,869
	1,877,120	—791	42,372	31,474
Hearthstone	593,237	27,851	11,456	34,759
	1,228,482	61,524	22,626	70,920
Holland-America	42,411	—52,883	10,078	—131,968
	147,281	—146,248	22,251	—292,956
Home Indemnity	9,956,910	—1,284,415	423,379	—1,269,504
	19,996,945	—2,563,929	740,082	—1,876,796
Home	45,415,629	—5,727,762	6,273,491	—15,918,212
	94,175,524	—7,927,989	9,643,966	—2,757,865
Home, Hawaii	618,986	87,468	48,209	21,703
	1,172,547	88,837	89,250	138,202
Homeland	770,980	—80,686	53,827	—213,139
	1,497,077	—170,927	100,755	—217,062
Houston F.&C.	1,644,415	—108,595	108,330	—160,482
	3,690,281	—633,504	321,241	—901,026
Illinois Fire	543,638	—92,803	22,737	—72,674
	1,074,542	—99,790	47,072	—3,942
Indemnity of N. A.	27,259,788	—3,569,403	2,037,689	—6,557,103
	55,639,626	—5,380,272	4,070,389	—4,368,149
Ins. Co. of N. A.	36,664,506	—797,108	4,929,982	—17,022,350
	76,966,792	—3,434,296	10,164,360	510,800
Ins. Co. of Pa.	1,102,147	—201,556	225,401	—598,617
	2,202,823	—357,134	384,321	—28,307
International	1,403,592	65,902	51,787	8,052
Service	2,870,747	210,174	121,364	81,685
Inter-Ocean Re	1,774,260	128,131	88,848	—9,814
	3,613,064	110,247	189,677	432,374
Jefferson	236,968	—42,044	21,606	—27,412
	474,621	—29,806	50,891	1,282
Jersey	1,420,561	—170,965	95,560	—459,095
	2,878,078	—237,113	179,594	—220,324
Kansas City	1,397,301	—51,799	43,002	—88,472
F.&M.	2,863,669	—119,562	84,175	—65,906
Manhattan F.&M.	888,600	—145,426	56,230	—161,910

	Premiums Earned $	Net Underwriting Gain or Loss $	Net Investment Gain or Loss $	Increase or Decrease in Surplus $
	2,126,611	—161,060	119,283	—88,750
Manufacturers	4,476,281	—999,647	174,340	—676,164
Casualty	8,815,604	—1,309,156	573,741	—991,752
Manufacturers	———	—1,399	8,276	5,442
Fire	———	—2,771	15,729	6,196
Marathon	649,064	157,312	11,606	—418,303
	1,291,214	220,020	15,986	—387,589
Maryland	27,868,396	—2,135,802	869,666	—4,002,080
Casualty	56,153,012	—5,921,887	2,250,528	—5,399,746
Massachusetts	8,919,731	—1,666,395	435,480	—1,853,133
Bonding	18,499,068	—720,898	925,936	—708,096
Massachusetts	570,815	56,732	16,593	43,728
Casualty	1,106,434	127,768	31,690	128,276
Massachusetts	1,135,779	—145,684	110,360	—109,508
Fire	2,360,279	—320,287	234,543	—115,567
Massachusetts	2,782,089	392,021	984,772	—447,870
Protective	5,540,558	610,726	1,123,601	391,704
Medical	381,381	19,353	24,011	19,976
Protective	768,656	74,096	44,422	49,473
Mercantile	1,483,337	—159,146	91,565	—441,183
	2,893,043	—336.546	169,316	—359,160
Merchants &	941,927	—67,322	87,284	—142,960
Mfrs.	1,894,752	—174,299	182,101	44,361
Merchants Fire	4,609,413	—507,998	378,360	—1,062,544
of N. Y.	9,507,317	—1,027.341	704,948	1,357,193
Merchants Fire,	585,462	—6,447	30,144	9,064
Denver	1,175,184	—54,399	59,003	—15,516
Merchants Ind.	1,152,619	—118,723	179,446	—461,761
	2,376,829	—247,826	406,075	725,849
Metropolitan	5,903,987	—378,310	282,963	—688,188
Casualty	11,965,012	—1,058,520	645,815	—1,054,777
Michigan F.&M.	943,402	—156,170	83,475	—186,345
	2,070,846	—303,191	169,925	99,881
Michigan	152,236	—78,116	5,010	—120,354
Surety	285,765	—37,483	10,395	—164,668
Mid-States	1,042,164	—20,129	40,709	14,579
	2,066,217	108,310	79,482	95,828
Milwaukee	5,903,987	—378,310	337,057	—472,253
	11,965,012	—1,058,520	762,093	—664,680
Minneapolis	———	———	32,401	—56,858
F.&M.	———	———	69,269	84,197
Minnehoma	292,520	44,409	28,250	31,233
	605,941	24,288	56,772	12,210
Monarch	2,717,328	—414,830	291,005	—222,540
	5,471,110	—800,014	479,891	—380,164
Motors	8,703,888	1,074,216	249,673	786,393
	17,304,202	1,328,907	507,229	884,644
National	1,522,295	—5,803	105,846	26,678
American	3,027,283	—189,584	199,817	—14,236
National-Ben	1,967,995	—126,103	98,779	—244,563
Franklin	3,988,337	—352,840	212,614	—342,804
National	6,020,746	—247,297	151,435	—460,306
Casualty	12,022,734	—72,382	298,251	245,097
National	16,301,741	—1,278,836	4,519,574	—2,223,455
Fire	31,884,724	—1,809,161	4,693,220	—1,307,266
National	491,290	2.958	43,095	109,336
Indemnity	1,009,820	—85,997	82,818	61,898
National	2,152	6,484	9,197	14,105
Standard	4,756	3,929	18,941	13,851
National Surety—	7,953,077	—228,645	484,208	—616,577
N. Y.	16,195,827	—886,497	979,290	445,492
National Union	8,002,870	—558,998	1,032.500	—1,713,339
Fire	16,652,531	—1,577,241	1,529,391	—2,099,745
National Union	889,207	—223.127	39,118	—263,005
Indemnity	1,850,281	—336,265	99,936	—230,144
New Amsterdam	14,857,318	—1,810.518	483,225	—2,877,368
Casualty	30,165,166	—3,142,216	1,080,870	—2,809,734
New England	1,257,869	—208,268	110,576	—245,747
	2,761,128	—404,296	236,640	—112,555
New Hampshire	5,078,688	—11,434	643,652	—423,355
Fire	10,549,934	—378,431	937,144	406,375
New York	1,726,867	—122,553	153,324	—522,070
Fire	3,473,712	—316,220	310,413	—19,338
New York	1,626,848	29.465	142,754	—444,561
Underwriters	3,280,735	—19,228	277,245	—95,955
Newark	3,540,246	—299.687	212,483	—427,625
	7,184,738	—476,302	401,440	—354,159
Niagara Fire	8,058,461	—1,082,859	1,624,096	—5,121,941
	21,650,682	—8,690,128	7,341,443	—2,877,836
North American	7,561,984	—444,327	464,735	—508,862
Re	14,937,047	—753,373	1,117,119	—77,035
North River	5,716,630	—260,346	770,722	—1,295,432
	11,862,262	—760,800	1,149,075	—226,495
Northeastern	2,339,683	—129,183	66,828	—38,146
		Not Reported		
Northern	7,086,575	—437,027	372,002	—1,260,679
	14,418,997	—803 193	706,815	—509,164
Northwestern	508,390	16,841	66,546	—26,816
F.&M.	1,025,229	10,726	135,424	177,201
Northwestern	1,862,450	—208,535	126,108	1,553
National Casualty	4,119,618	13,963	239,850	579,231
Northwestern	3,629,566	—327,397	411,488	—442,949
National	7,818,828	—156,080	735,208	1,090,458
Ohio Casualty	12,067,949	796,574	421,455	11,956
	24,607,324	342,756	724,703	457,206
Ohio Farmers	3,368,669	—878,830	954,851	—877,898
Indemnity	7,223,872	—1,428,126	1,065,364	—1,250,423
Ohio	147,336	—2,568	28,266	3,264
	310,412	—15,702	60,107	56,676
Old Colony	3,778,212	—678,044	329,314	—1,120,251
	7,596,549	—649,519	707,203	197,818
Old Republic	1,368,265	—210,402	57,211	—252,009
	3,049,070	—613,202	114,486	—627,642
Pacific Fire	2,532,306	—303,899	205,248	—933,547
	5,130,488	—457,184	370,072	—483,567
Paramount	985,814	134,770	797,471	—260,400
Fire	1,942,363	25,248	884,408	—455,196
Peerless Ins.	3,501,198	47,306	298,567	58,631
	6,839,624	52,205	485,580	947,766
Pennsylvania	3,310,942	—367,096	215,089	—902,827
Fire	6,439,065	—773,454	429,682	—563,482
Penn. General	1,190,311	—427,943	55,324	—416,825
	2,400,554	—468,824	122,518	—506,688
Philadelphia	3,986,763	—361,240	650,490	—913,665
F.&M.	8,009,869	—353,820	1,282,696	696,291
Phoenix of	6,585,535	—716,186	370,073	—58,790
London	13,174,309	—1,346,641	945,824	—463,753
Phoenix, N. Y.	11,890,341	—1,461,592	1,167,221	—10,638,352
	24,482,442	—2,521,637	2,399,038	—6,452,717
Planet	1,623,500	—218,295	64,176	—157,564
	3,239,297	—418,440	133,808	—236,196
Potomac	5,085,875	—52,823	229,510	—139,123
	10,256,916	—238,296	490,280	—374,601
Preferred	1,730,884	36,333	76,183	—46,211
	3,508,708	—324,128	150,345	—206,197

(CONTINUED ON PAGE 52)

1956 Qualifiers For LPRT Number 211

Membership in the Leading Producers Round Table of International Assn. of A&H Underwriters was achieved by 211 producers in 1956, IAAHU reported last week. This is the second highest number, surpassed only by 1955 when 216 qualified.

Oakley Baskin, Mutual Benefit H.& A., Buffalo, chairman of the round table and vice-president of IAAHU, said qualification standards were raised for the 1956 awards, an increase of $5,000 in "annualized" A&S premiums being added across the board to the old requirements. A producer now has to have $10,000, or $15,000 or $20,000 to qualify for the bronze, silver or gold awards respectively.

Group insurance premiums are allowed to count one-third of the total requirement for any award. Life members are those who have qualified three times for the gold award. Life and qualifying award winners are the top producers who have already made the life award previously and have again qualified for any of the three current awards. All award winners must have been members of IAAHU and in good standing during the year of qualification.

Mr. Baskin commented that the number of qualifiers with more than $10,000 in premiums increased 33% in 1956 over 1955.

Plaques and certificates for award winners have been sent to state and local associations, and most of them will have presentation ceremonies this fall. Tie clasps and emblems are available to qualifiers for the first time this year, and can be obtained from IAAHU headquarters at 330 South Wells street, Chicago.

The current officers of the leading producers round table are: President, Clarence G. Kluckhohn, Mutual Benefit H.&A., Waterloo, Ia.; Vice-president, Ralph V. Matlin, Washington National, Los Angeles; secretary, Carl L. Brandt Sr., First National Casualty, Fond du Lac, Wis.

N. H. Auto Liability Rates Hiked To Include New Compulsory UME Premium

Automobile liability insurance rates in New Hampshire have been increased $2 for private passenger cars and $3 for commercial and public conveyance vehicles as a result of the uninsured motorist endorsement being made a compulsory provision of the standard auto liability policy in the state.

Commissioner Knowlton set the new rates Sept. 3, after companies writing auto liability coverage in New Hampshire asked for increases which would have boosted the rates $3 for private passenger, $5 for commercial and $6 for public conveyance vehicles.

The uninsured motorist endorsement had been available on an optional basis in New Hampshire at an additional premium of $3.

Olympic Of L. A. Names James B. Reinbolt Actuary

Olympic of Los Angeles has appointed James B. Reinbolt actuary. He has been with Nationwide Mutual group in Columbus, O., since 1949, serving as automobile underwriter, reports and control analyst, casualty statistician and assistant fire actuary.

Industrial Indemnity has named Howard F. Worth production manager at Los Angeles to succeed Charles L. Ennis, who has been transferred to Sacramento.

EUA Unveils Salesmanship Course, Text

Eastern Underwriters Assn. unveiled its quick course in effective salesmanship, prepared by its public relations committee at the suggestion of the Eastern Agents Conference committee, during the Eastern Agents Conference program at the NAIA convention in Chicago.

The 19 field clubs in the 12 eastern states will be schooled to make the presentation of the course, immediately. This will be done with the field clubs by the EUA staff. Special meetings of field clubs have been arranged throughout EUA territory for September and October. Five-man teams of field men will be selected in each area to present the course in a forum before local boards in cooperation with state association leaders.

At the Chicago meeting of eastern agents, a sample forum was presented in condensed style to give those attending a general outline of the proposed program. This is an introductory course in salesmanship and is part of the coordinated program of public relations recently inaugurated by EUA between state agent associations, local boards and field clubs.

The EUA booklet which outlines the fundamentals of the salesmanship course was distributed at Chicago, and it is planned to furnish a copy to each agent who attends future sales forums in the east. The booklet isn't, however, available to agents except through attendance at a sales forum.

The booklet describes sales planning for the individual agent and sets out in non-technical language the four principles of selling—approaching the prospect, getting his interest, inspiring action by the prospect, and closing the sale.

The booklet also lists supplementary texts for further study and suggests local boards develop their own sales forums in order to continue the advancement of effective selling methods for multiple line and package policies.

WHERE TO PLACE YOUR BUSINESS

A guide or directory of responsible and adequately equipped local agents. These offices have nation-wide facilities for handling your out-of-state business.

ILLINOIS

CRITCHELL-MILLER INSURANCE AGENCY
Established 1868
Insurance Exchange Building
CHICAGO

Moore, Case, Lyman & Hubbard
General Agents
175 W. JACKSON BLVD.
CHICAGO
WAbash 2-0400

Rollins Burdick Hunter Co.
231 S. LaSalle St.
Chicago
Telephone ANdover 3-5000
New York Seattle

WISCONSIN

Chris Schroeder & Son, Inc.
210 E. Michigan St., MILWAUKEE
Engineering Services—All Lines
The largest insurance agency in the State of Wisconsin

Darling Advanced By Hartford Steam Boiler

Hartford Steam Boiler has advanced Daniel D. Darling to assistant superintendent of the home office underwriting department. Except for army service he has been with the company since 1936. Most recently he has been a member of the underwriting staff dealing extensively with special rating and unusual underwriting problems.

Fire Association Names Colby In Northern Ind. Field, McGinness To K. C.

Fire Association has appointed Warren R. Colby state agent in northern Indiana and Raymond J. McGinness Jr. marine special agent in Kansas City.

Mr. Colby succeeds William E. Bozym who has been transferred to the home office. He will make his headquarters in a new field office in Fort Wayne. He previously was an Ohio special agent of General of Seattle. Mr. McGinness, who formerly was in agency field work in Kansas City, will make his headquarters there.

General Fire & Casualty Names Ickeringill In N. J.

Paul J. Ickeringill has been named special agent at Newark office of General Fire & Casualty. He will have charge of the northern New Jersey territory. He started in the business in 1936 at Boston. Until recently he was Indiana district manager of the Kemper group.

Casualty & Surety Club of Buffalo has elected Kenneth K. Klingenmeier of American Surety president; John W. Cryer Jr., local agent, vice-president, and Robert P. Burns of Travelers secretary-treasurer.

Our 25th Year

A. E. STRUDWICK CO.

Reinsurance

810 BAKER BLDG.
MINNEAPOLIS 2, MINN.
FEDERAL 9-5847

208 SOUTH LASALLE ST.
CHICAGO 4, ILLINOIS
CENTRAL 6-9141

A. E. STRUDWICK, PRES.

W. H. KERN, V. P.
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Why not try P.I.?

A Multiple Line Market offering flexibility and capacity in its coverages, and helpful personal attention to producers' problems.

PACIFIC INDEMNITY COMPANY
HOME OFFICE • LOS ANGELES
CENTRAL DEPARTMENT: Gwynne Building, Cincinnati
SOUTHEASTERN DEPARTMENT: Fulton National Bank Bldg., Atlanta
MIDWESTERN DEPARTMENT: 3706 Broadway, Kansas City, Mo.
Pacific Coast Underwriting Managers
SWETT & CRAWFORD

"Service Is Our Best Policy"

BRAND NEW!

Anchor's Automatic Laundry Owners Policy

A "Packaged" Coverage that Opens up a World of Prospects!

At last... simplified insurance protection for automatic laundry owners! This "all-in-one" policy has broad Fire coverage, Liability, Customer Goods, Burglary and Robbery, Plate Glass and Neon Sign protection. Written on 3 or 5 year basis with convenient installment payments—credit allowed for existing insurance.

Here is a tailor-made source of ready income for alert producers. So line up the prospects in your town and start selling this unique Anchor coverage today!

Automatic
PROSPECTS
SALES
PROFITS
Multiple Line Facilities

See your Anchor Man for Helpful Assistance

ANCHOR
CASUALTY COMPANY
SAINT PAUL 14 MINNESOTA

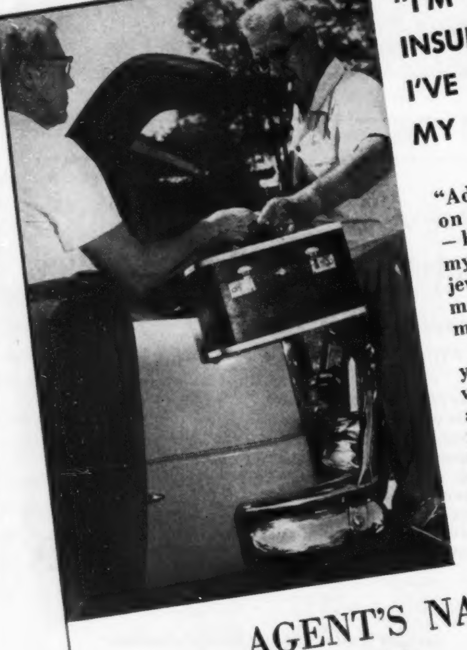
Give Record Of Insurers For First Six Months Of 1957

(CONTINUED FROM PAGE 50)

	Premiums Earned $	Net Underwriting Gain or Loss $	Net Investment Gain or Loss $	Increase or Decrease in Surplus $
Providence	660,970	137,627	18,016	121,908
Wash. Ind.	1,405,399	—61,332	54,931	—62,268
Providence	5,506,055	—592,819	217,330	—336,704
Wash.	11,104,967	—1,204,851	692,920	—1,140,450
Provident	781,779	—73,122	29,822	138
Fire	1,492,999	—184,548	52,531	—108,256
Public National	794,891	—171,588	15,770	—68,025
	1,634,985	—109,270	30,974	—218,015
Quaker City	459,498	—16,710	27,254	—85,789
F.&M.	1,160,855	—14,812	57,894	17,877
Queen City	383,339	146,258	14,584	406,269
	809,155	—54,017	29,204	219,571
Queen	8,982,714	—760,392	544,823	—895,887
	18,229,934	—1,202,406	1,095,553	—553,932
Re of N. Y.	1,826,088	15,733	333,610	—66,477
	5,042,464	—8,766	578,028	1,338,940
Reliable	177,088	—20,562	21,129	—108,712
	379,779	—121,329	41,704	—215,141
Reliance	1,675,283	—233,801	124,136	—218,808
	3,515,804	—325,884	247,535	180,348
Republic	608,104	—85,271	13,639	—76,493
Indemnity	1,246,487	—190,462	28,528	—142,358
Republic	3,345,234	441,463	172,324	—298,404
	6,756,560	—160,783	458,467	—150,168
Resolute	3,261,145	72,649	136,998	102,030
	6,417,443	249,800	258,194	242,286
Rochester-	1,135,779	—145,943	149,775	—358,969
American	2,360,279	—320,899	334,206	—610
Royal Ind.	9,563,949	—809,597	488,679	—1,520,999
	19,409,518	—1,286,723	870,076	—1,444,789
Safeco	4,793,902	154,131	102,117	237,759
	9,954,109	354,308	199,032	491,989
Safeguard	4,189,320	—341,865	178,748	—420,866
St. Louis	749,811	—10,045	64,146	—45,402
F.&M.	1,513,384	11,720	264,209	—105,867
St. Paul	26,229,952	—1,482,002	1,683,421	—201,908
F.&M.	54,968,954	—2,706,222	3,450,713	80,228
St. Paul-	3,747,136	—211,714	261,933	56,571
Mercury	7,852,707	—386,603	532,758	20,281
Seaboard	757,805	—85,813	43,192	—66,998
F.&M.	1,505,880	—137,821	94,570	—73,507
Seaboard	1,788,275	669,392	214,872	196,321
Surety	3,590,742	1,061,247	434,345	480,928
Security	3,833,187	—396,838	465,530	—1,200,755
	7,614,301	—1,172,973	1,281,325	—2,232,334
Security	215,743	—7,206	44,053	14,279
Natl. Ins.	429,330	—148,507	73,466	—92,804
Selective	1,304,742	—256,657	42,059	—226,438
	2,483,515	—226,833	70,825	—190,283
Service	3,169,172	357,575	131,710	—81,665
Casualty	6,211,560	670,616	344,187	—337,150
Service Fire	9,461,337	1,634,343	475,907	—634,356
	18,517,800	3,512,950	1,705,575	—637,713
So. Carolina	757,955	—65,193	268,430	—19,948
Ins.	1,788,778	—62,050	320,414	—246,848
Southern	435,317	—44,142	6,780	—21,944
	863,024	65,553	15,645	—26,632
Southwest	729,664	—257,744	16,513	—231,068
General	1,533,731	—522,760	40,708	—7,919
Springfield	10,377,428	—1,722,367	771,938	3,129,500
F.&M.	22,779,311	—3,340,790	1,289,201	—1,380,150
Standard	14,611,501	—1,964,655	565,660	—2,095,015
Accident	29,153,675	—3,765,964	1,130,843	—2,540,720
Standard	2,853,518	70,732	164,347	—136,476
Fire	5,717,797	89,129	328,539	395,745
Standard	4,477,036	—484,930	202,308	—463,456
	9,309,328	—822,787	436,108	—70,307

	Premiums Earned $	Net Underwriting Gain or Loss $	Net Investment Gain or Loss $	Increase or Decrease in Surplus $
Star	3,011,851	—254,948	187,094	—329,517
	6,112,389	—405,210	367,936	—246,779
State Farm	2,437,522	83,783	133,412	186,695
Fire	5,156,985	—312,826	290,091	—72,686
Stuyvesant	1,895,862	—92,160	56,384	210,967
	3,704,911	—16,597	319,461	427,242
Sun	2,145,324	—300,079	129,623	—330,993
	4,264,710	—586,235	221,058	—681,449
Superior	1,519,270	4,212	52,729	—53,286
	3,036,987	—255,054	97,313	—92,186
Traders &	2,064,581	—176,441	48,956	—65,636
General	4,370,477	—148,753	99,822	—57,597
Transcontinental	2,876,777	—223,587	657,046	—332,539
	5,626,715	—314,250	977,920	—140,535
Transit	1,436,322	2,948	69,185	—14,799
Casualty	3,079,561	—6,509	220,376	—48,439
Transportation	588,948	74,905	35,776	—16,862
	1,194,142	215,830	73,350	165,503
Travelers Ind.	51,572,224	—2,816,240	1,691,480	—797,743
	105,310,779	—2,347,993	3,389,105	399,779
Trinity	4,981,859	22,115	192,635	—774,161
Universal	10,028,984	—1,025,199	405,116	—1,248,913
Twin City Fire	305,034	11,181	49,227	—30,550
	615,137	8,961	121,525	104,050
Underwriters	595,955	—68,710	20,704	—60,245
	1,321,613	—121,284	39,825	104,267
United Pacific	4,649,628	—508,079	144,614	—467,799
	9,504,207	—1,240,948	277,636	—878,130
U. S. Casualty	6,240,712	—657,733	258,292	—542,280
	12,818,205	—1,402,264	504,990	—811,648
U.S.F.&G.	54,563,106	—5,883,556	2,234,711	—8,884,677
	111,208,401	—11,797,169	5,158,341	—11,240,274
U. S. Fire	11,946,366	—537,582	1,106,920	—1,846,556
	24,791,157	—1,577,890	1,816,177	—448,595
Universal	899,569	—128,171	56,028	—232,808
	1,822,284	—137,790	123,680	—35,290
Universal	1,486,919	10,157	49,233	100,337
Underwriters	2,933,568	213,432	91,276	70,336
Utah Home Fire	708,835	12,093	14,065	23,190
	1,418,835	—13,289	134,851	—47,166
Vanguard	512,295	—26,409	15,821	4,498
	1,055,810	—53,054	40,452	—28,368
Vigilant	902,746	—146,429	112,368	—186,065
	1,845,933	—141,052	228,469	58,214
Virginia	1,056,789	—89,459	59,678	—123,463
F.&M.	2,144,698	—142,178	132,295	—74,931
Virginia	371,177	—50,157	18,349	—4,555
Surety	763,857	8,088	35,384	41,046
Wabash F.&C.	288,206	—86,728	28,149	—46,531
	650,730	—285,933	51,959	—109,580
Washington	749,811	—10,045	51,494	—17,692
F.&M.	1,513,384	11,720	321,333	—77,286
Westchester	6,416,474	—290,678	581,487	—1,326,013
Fire	13,280,805	—847,375	1,062,292	—537,003
Western Cas.	5,879,377	—217,066	119,819	—841,000
	11,744,978	—414,433	258,357	—751,967
Western Fire	3,081,089	—578,800	110,986	—562,038
	6,322,233	—1,310,656	226,183	—667,368
Western	1,004,526	284,533	30,806	119,636
Surety	1,986,169	592,190	61,287	391,785
World F.&M.	2,238,518	—242,465	94,274	—271,161
	4,654,664	—411,393	228,275	25,452
Yorkshire	2,542,613	—444,205	145,189	—234,387
	5,097,498	—625,959	248,712	1,587,185
Totals	1,469,815,024	—95,026,301	101,178,258	—243,169,771
Stock Companies	2,989,065,921	—187,214,460	213,273,528	—92,016,377

(CONTINUED ON PAGE 60)



"I'M FULLY INSURED I'VE SEEN MY AGENT..."

"Adequate insurance on all my property – home, automobile, my wife's furs and jewelry, the TV set – means peace of mind."

If you haven't had your policies reviewed recently, it's a good idea to see your agent soon. Ask him to show you how you, too, can be *fully* insured at a reasonable cost.

AGENT'S NAME

TELEPHONE

ADDRESS

SERVING AMERICA THROUGH THE AMERICAN AGENCY SYSTEM

Glossy prints of this ad are available without obligation for newspaper reproduction. The independent stock company agent may have them upon request.

THE YORKSHIRE INSURANCE COMPANY OF NEW YORK

SEABOARD FIRE & MARINE INSURANCE COMPANY

90 JOHN STREET NEW YORK 38, NEW YORK

A. I. Zimmerman, V-P Of American Surety At Los Angeles, Retires

A. I. Zimmerman, resident vice-president of American Surety at Los Angeles, has retired. Mr. Zimmerman, who joined the company 46 years ago in Cincinnati, was guest of honor at a luncheon held by Los Angeles staff members.

R. J. Huntsberger, branch manager, will continue to head operations of the company.

N. Y. Agents Watch "Free' Insurance Advertising

Recently there has been a rash of automotive and other retail advertising offering "free insurance" in the price of the sale, *The Triangle*, publication of Mutual Agents Assn. of New York State, points out. While no section of the insurance law relating to fire and casualty coverage prohibits this practice, it is still frowned upon by insurance department administrators. Their objection lies in the fact that most such advertising is misleading or, at the very least, misguided. There is no such thing as "free" insurance since there is usually a charge passed on to the buyer.

In July a Massena auto dealer advertised free liability with the sale of certain cars. Vice-president Kenneth Burdon was quick to call the association, which advised him on how to handle the situation. The auto dealer, once appraised of the insurance department's attitude, was quick to withdraw the ads.

Bard Chevrolet of Newburgh and Camrod Co. of New York City also came in for a formal complaint on "free" insurance and are currently under investigation by the New York department. Wilson's Jewelers of Syracuse, in advertising free insurance on diamond rings, also came to the association's attention and proper complaints were filed.

Fielder Promoted In South

Phoenix of London has appointed Robert A. Fielder marine superintendent in Florida, Georgia, Alabama and the city of New Orleans. He will make his headquarters in the Miller building, St. Petersburg. Mr. Fielder joined the group in 1946.

Foam Rubber Safety Ideas

National Fire Protection Assn. in cooperation with Rubber Manufacturers Assn. has made recommendations for preventing fires caused by spontaneous heating and ignition of certain consumer foam rubber products. These include foam rubber shoulder pads, brassiere pads, swimsuits and play suits with built-in bras, small pillows, toys, ironing board pads and similar items.

The recommendations were made in response to recent incidents in which foam rubber products reportedly caused fires in homes, laundries and dry cleaning establishments.

NFPA said such products should be dried separately by natural means after washing, not "forced dried" in home or commercial driers, and that prior to washing or dry cleaning foam rubber padding should be removed from garments and other items. NFPA and RMA specifically urged that manufacturers tag their foam rubber products with the warning, "Do Not Dry In Driers Or Over Heaters."

AFIA Has Change At Hongkong

American Foreign Insurance Assn. has appointed Edward P. McElgunn Jr. Hongkong manager. He replaces Bowdre P. Mays Jr., who returns to New York for reassignment after three years in Hongkong. Mr. McElgunn joined AFIA in 1953. After service in Singapore he was appointed manager of Okinawa.

HIAA Publishes 1957-58 Directory For Members

Health Insurance Assn. of America has published its 1957-58 directory and is distributing copies to member companies.

The 98 page booklet contains alphabetical and geographical lists of members, names and affiliations of board members, the standing committees' membership, the constitution, and information describing the association's work and activities.

The directory, the second edition of the annually revised guidebook, this year also contains the code of ethical standards approved by the membership at the annual meeting last May in Washington, D.C.

In his letter, announcing publication of the directory, General Manager Robert R. Neal reported that company members now total 261. Members' home offices are located in 93 cities in 36 states, 4 provinces of Canada, Washington, D.C., Cuba, and the Philippine islands. Types of members include 55.1%, or 144, life companies; 32.2%, or 84, multiple line casualty companies; 12.3%, or 32, companies selling A&S only; and .4%, or one, reciprocal.

Outline New National Board Advertising Plan

The new advertising program of National Board is using the popular cartoon-quiz technique to appeal to home owners, acquaint them with the full time services of local independent agents and brokers, and impress them with the quality of stock company insurance.

The program will get under way early in October with the first advertisement appearing Oct. 5. Subsequent advertisements will appear through April, 1958, in the *Saturday Evening Post, Time, This Week,* and *Farm Journal.*

There are six different advertisements in two colors. Two ads refer to the need for adequate insurance on the home and its contents. Two ads are devoted to the advantages of the package policy. One ad points to the need for additional living expense. All point to the importance of the independent local agent or broker with one ad devoted entirely to the availability of his services.

To enable local agents and brokers to tie in with the national advertising campaign, National Board has produced a brochure and order form which has been distributed to companies members of National Board—45,000 agents and brokers and to regional organizations.

Ragel Joins Crum & Forster At Philadelphia

Crum & Forster has appointed A. Keith Ragel supervisor of inland marine and multiple perils at Philadelphia. He has been active in inland marine underwriting and production in the Philadelphia territory and midwest for many years.

Cornwall & Kennedy Open New Office, Name Moran

Cornwall & Kennedy, independent adjusters of Hartford, have opened a new branch at Darien, Conn., an area formerly handled by the Bridgeport office. Stephen S. Moran Jr. is manager at Darien. He was with the J. F. McGrath Co. of Bridgeport from 1947 until the business was purchased by Cornwall & Kennedy in 1955.

Allstate Names Smoker At HO

Allstate has appointed Richard E. Smoker research director at the home office. He has been with Ford Motor Co. and at one time was director of market research with Indiana Farm Bureau Cooperative.

Chesapeake Pond Elects

Chesapeake pond of Blue Goose has elected John M. Thomas Jr. of Hartford Fire MLG. Lester E. Lewis, London & Lancashire, was named supervisor; Andrew Muller Jr., Riggs, Warfield, Roloson agency, custodian; R. Z. Leiszure, Alexander & Alexander agency, guardian; W. Darby Miller, Agricultural, keeper, and Harry A. Bodenstein, Fireman's Fund, wielder.

Texas Department Is Reorganized

Texas department has been reorganized into six major divisions. Paul D. Connor, formerly legal counsel under the old board central office and life insurance division, has been appointed assistant to the commissioner and chief clerk of Texas board of insurance, and Will Davis of the attorney general's department has been named legal counsel.

The six new divisions, which replace the life, fire and casualty divisions under the former organization, are examination, liquidation, actuarial, license, rate and policy, and staff services. Named to head the new divisions are: E. B. Kelley, former chief examiner, examination; J. D. Wheeler, state liquidator and conservator, liquidation; Marcom Shockley, actuary in the former life division, actuarial; A. W. Penn, director of the bond, burglary and plate glass section of the old casualty division, license, and Angus McDonald, former chief of the casualty division, rate and policy. Head of the staff services division has not been named.

does it pay to solicit

COURT and PROBATE BONDS

just ask the agents who do!

"We wrote a probate bond with a substantial premium. Later, we wrote a residence *burglary and auto policy* for the principal . . ."

"Through the services I have been able to render attorneys . . . I have secured the accounts of three construction contractors, one of whom will do more than $2,000,000 in *contract work* this year, and have written *fidelity and public liability* on a chain of theaters . . ."

"I have written liability insurance on 11 parcels of real estate. The contact was originally developed through the solicitation of probate bonds . . ."

Court and Probate Bonds are good commission producers by themselves. Generally required by law, they need no "selling." And they stay in force until the case is closed. Some bring you renewal commissions for five, ten—*even twenty years!*

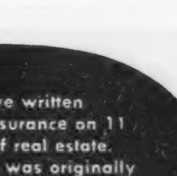
Better still—Court and Probate Bonds can lead to substantial new business in your other lines! This has been proved repeatedly by many aggressive, resourceful agents like those quoted here. With a little effort, you can do it, too. And American Surety offers you help backed by more than 70 years' experience.

AMERICAN SURETY COMPANY

FIDELITY • SURETY • CASUALTY • FIRE • INLAND MARINE
HOMEOWNERS • ACCOUNTANTS LIABILITY • AVIATION

FREE AID TO MORE COMMISSIONS THROUGH COURT AND PROBATE BONDS

Featured in a recent "Mailroad to Profits," regular monthly salesbuilder for American Surety agents, are hints on cultivating Court and Probate Bonds—and how to follow up to get more business in your other lines. For free copy without obligation, mail coupon now.



AMERICAN SURETY COMPANY
Agency & Production Department
100 Broadway, New York 5, N. Y.

Please send me the issue of "Mailroad to PROFITS" featuring Court and Probate Bonds.

Name __________
Agency __________
Street __________
City __________ Zone _____ State _____

Principals of the newly formed Leo B. Menner & Co.: From the left, Leo B. Menner, president; L. J. Ronder, treasurer; R. J. Eastburn, secretary and Leo B. Menner Jr., vice-president.

Leo B. Menner & Co. Opens For Business

Leo B. Menner & Co. Inc. has formally opened offices in the Board of Trade building, Chicago. The new insurance organization operates on a world wide basis with complete Lloyds and life facilities available to brokers, agents and companies.

Leo B. Menner, former executive vice-president of Stewart, Smith (Ill.) Inc., heads the new organization, with Leo B. Menner Jr. as vice-president, L. J. Ronder as treasurer, and R. J. Eastburn as secretary.

Sullivan Expresses Concern Over Underwriting Ratios

(CONTINUED FROM PAGE 2)

tive action was taken until this committee met in New York on June 28."

Mr. Sullivan said he feels strongly that companies should discontinue writing five year contracts because the "slow bookkeeping" of the business, aggravated by the five year term, seriously delays the proper rate adjustment. The modification of the term credits, he noted, will only slowly effect the companies' position. If present day rates are inadequate, modifications in the term rule will not cure the situation or materially help for many months or years ahead.

The committee of insurance executives which handle the term rule should be empowered to consider some of the other suggestions for improvement of loss ratios that have been made by commissioners, rating bureaus, company officials and agents, Mr. Sullivan said, so there could be expert evaluation of some of the plans that have been put forward. The personnel of this committee should consist exclusively of insurance underwriting executives, he recommended, saying that only through such a committee can fast action be expected.

Urging the creation of a similar committee to deal with automobile, both physical damage and liability, he said executives of broad experience and imagination are needed. If these two committees could be set up, comparable groups could be made available for other classes.

"Slow bookkeeping" of insurance also has the effect of providing inadequate rates during inflation, Mr. Sullivan said. He said there must be introduced into rate making trend and conversion factors that will permit a proper evaluation of experience. They must be taken into account that this rate when rate increases are indicated, and, in addition, must not be overlooked on the day when decreases can be hoped for.

University Of Wis., 1752 Club Start Fire, Casualty Workshops

A six-week series of workshops for fire and casualty agents in eight Wisconsin cities, under the joint sponsorship of Wisconsin 1752 Club and University of Wisconsin's extension division management institute, has begun. Meetings will be held in Racine, Milwaukee, Fond du Lac, Menasha, Janesville, Wisconsin Rapids, Eau Claire and Rice Lake.

Workshops and instructors are: Classifying and rating general liability: John J. Kraniak Jr., Shelby Mutual, and William Rowe, Midwest General Agency, Eau Claire; automobile coverages: James Fox, Milwaukee Auto Mutual, and John F. Buckley, Minnesota Mutual F.&C.; consequential loss coverage: Elmer Possin, Milwaukee Auto Mutual, and Eugene Rice, Property Owners Mutual; broad form personal theft and storekeepers burglary and robbery: D. H. Schallert, Lumbermens Mutual Casualty, and George Kochheiser; death and disability endorsement, uninsured motorist endorsement, and homeowners including inland marine: Eugene Bohn, West Bend Mutual, and James F. Kornely; and actual cash value, U. S. replacement cost insurance to value, minimum premium and builders risks: Harry L. Schulthess, Grain Dealers Mutual, and L. R. McDonald.

Peerless Appoints Bond Specialist In D.C. Office

Peerless has appointed Robert W. Hudson bond specialist at Washington, D. C. He formerly was superintendent of contract bonds in the home office of Pacific National. His experience also includes service as a home office contract bond underwriter of Seaboard Surety, and bond department Underwriter in the New York office of Fidelity & Casualty.

Complains Of Allstate Ad

Greater New York Insurance Brokers Assn. has filed a complaint with the New York department charging that a recent advertisement by Allstate of its Crusader automobile liability policy violates the fair trade practice section of the insurance law.

Cited specifically is the large display advertisement which appeared in the *Long Island Daily Press* the latter part of August which stated the policy contains 23 "added" features.

The complaint asks the department to investigate and to issue a cease and desist order if it finds the advertisement constitutes an unfair method of competition or an unfair and deceptive act and practice.

The complaint charges that the advertisement merely mentions 23 added protection features but fails to explain what the 23 features are added to and is definitely an incomplete comparison of the Allstate policy with other policies.

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(CONTINUED FROM PAGE 1)

er of the Pacific Board, pointed out the perils of under-insurance and briefly reviewed the board's program to bring insurance up to value.

Commissioner Paul Hammel of Nevada suggested that the company executives not "pass the buck" to the commissioners in placing blame for poor underwriting experience. He said these executives should analyze where supervision ends and management begins.

Ross P. Duncan, Alaska commissioner, echoed Mr. Hammel's sentiments and said that the companies should not criticize the commissioners for accepting the rate filings which have resulted in adverse experience. He stressed the urgency of a public relations campaign by the companies to acquaint the public with the need for adequate rates.

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A memorandum prepared by J. R. Barry, president of Corroon & Reynolds companies, was read into the record by Commissioner Sullivan of Washington. Mr. Barry's suggestion was that 1953, 1954 and 1955 losses be revalued on the basis of what it would cost to settle them today and a new figure substituted for the actual figures shown in the companies' results for the last five years. Figures for 1956 are available, and the 1956 figures, he suggested, could be used also for 1957. This would give a five year experience "that would have some meaning, and the resulting rates could then be applied."

Mr. Barry was in favor of some quick action on rates, adding that the companies are entitled to a 5% profit and a 1% contingency reserve factor.

He also had some comments to make on the recent decision in New York on the dwelling filing of North America.

• • •

Highlights of Mr. Barry's comments:

The public service commission of the State of New York a week ago approved a rate filing by the Niagara Mohawk Corp., one of the state's leading utilities. In doing so they used the following language: "The rate schedmight be improved upon; however, we are faced with a practical situation where the evidence discloses that the company is in need of additional revenue which must be obtained from some source and obtained without undue delay."

The tenor of this memorandum will follow that complete thought. If the words "insurance industry" were substituted for "Niagara Mohawk" it would state exactly our present problem.

• • •

It is incumbent upon each supervisory official to see that the rates used in his state provide a reasonable margin of underwriting profit. The law also states the factors that are to be given consideration in making rates which will provide for such profit, and all of these must be read together. No one particular part taken alone should govern a decision as to the adequacy of rates.

While the law provides for consideration of the most recent five year experience, it also gives great latitude to supervisory officials and allows them to go beyond the statistics and take other factors into consideration in a very broad way, not only from the standpoint of their own particular state, but also on the basis of the national record. They are allowed to form a judgment as to what prospective experience may be and give that proper weight in making rates. Prospective experience may be indicated by statistics, but cannot be proved by them.

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Another integral part of the rate law, which has been completely overlooked in most cases by supervisory officials, is the requirement that rates shall be sufficient to allow for dividends, savings or unabsorbed premium deposits allowed or returned by insurers to their policyholders, members or subscribers. This language was in all original rating bills long before the SEUA decision and was contained in the all-industry bill to afford protection to mutual companies. It was intended to provide enough rate to allow them to return a dividend, if possible, but was primarily put in there to give them a cushion in case the underwriting results did not turn out as expected. This was necessary because there is no way of obtaining capital for mutual companies except from their own earnings.

The words "reasonable margin of underwriting profit" in the rate law have nothing to do with the rates on individual risks or individual classes. They mean what they say—that there should be sufficient premium income based on the over-all experience of all companies to provide enough to pay losses, expenses and in the case of the mutuals their dividends. I again come back to the mutuals who under their original plan of operation felt that they could obtain business without the serv-

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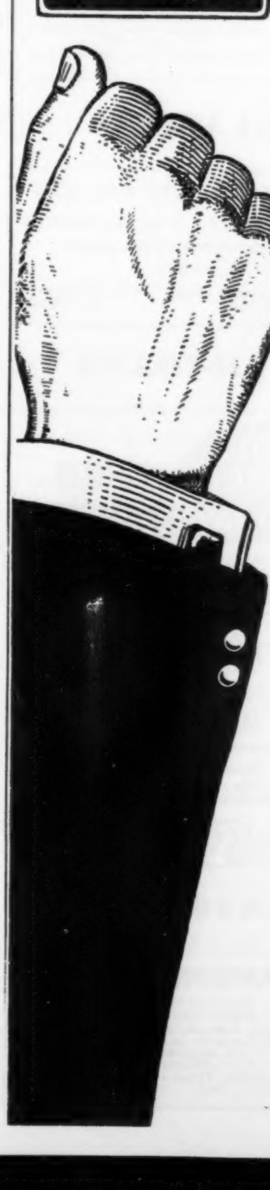

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ices of agents and that the results would allow them to return savings to the policyholders represented by this item. If the stock companies had been allowed to reduce their rates they could well have used this weapon to eliminate mutuals entirely. So from the standpoint of the supervisory official, his duty under the law is very plain. He must see, if he is to carry out the law's mandate, that the above conditions prevail.

The rating law in other sections provides there shall be no discrimination between risks of the same class. That is something that will operate within the scope of the broad provisions of the law, and a balancing of the rates charged for the various classes must be made in such a manner that the combined premium income from all these classes will meet the over-all requirement. As to the factors to be considered, the courts have expressed themselves, particularly in the case of Aetna vs Jordan in the District of Columbia. In that case the statement was made that the only proper basis for determining an adequate rate was the over-all experience of all companies, which would provide for arriving at an average expense ratio representing the cost of doing business of all companies. It was pointed out that the rates could not be based upon the expense ratio of the smallest or the largest or the best managed or the poorest managed company. The over-all experience, the court held, was the only fair and proper basis to do justice to both the public and to all companies.

Application of all of this to the present situation calls for the same realistic reasoning adopted by the public service commission of New York, namely, that we are faced with a practical problem and must find a practical solution. We know that the year 1956 was disastrous. We further know that 1957 so far has been no better, if anything worse. Rates based on five years experience may be all right provided that the total volume of premium arrived at for the particular state or states will be sufficient to meet the requirement of law as to a reasonable underwriting profit. We cannot wait three months or six months; we must have immediate action. We know well that we could not settle losses that we paid in 1953, 1954 or even in 1955 for the same amount today. There has been a creeping inflation in the past three years and research will indicate that the fire insurance business turned downwards in the middle of 1955 and the downward pace has accelerated rapidly since that time.

• • •

In order to present something that can be acted on quickly and provide a prompt remedy, it would be my suggestion that the 1953, 1954 and 1955 losses be revalued on the basis of what it would cost to settle them today and a new figure substituted for the actual figures shown in the companies' results. The 1956 figures are available and I would suggest that we use the same figures for 1957. This would give a five year experience that would have some meaning, and the resulting rates could then be applied. I recognize the fact that when all the experience has been calculated there may be some classes that call for decreases. There should be a recalculation to show the total amount of premiums that would have been obtainable in 1956 and 1957 together with the losses that were incurred in 1956. Having made adjustments in the various classes, if the total earned premiums indicated are not sufficient then there should be an over-all flat percentage increase on all classes. There is nothing in any law that provides for the insurance companies to hold the bag.

I argue strenuously against companies having to wait 15 or 20 years to make up a large deficit in a particular class, which they can only do if in the continuing 20 years there are no more catastrophic losses in the class. The allocation of the deficit on that class or any other class must be negotiated between the industry and regulatory officials in accordance with the law which provides for a reasonable profit, but does not mention reasonable profit by classes and is therefore assumed to mean a profit on all the business done within the state.

• • •

Whether or not in the allocation differentiation should be made between dwellings as one class and all other risks as a separate class for this purpose is a matter for study. It should be borne in mind that on every insurance risk, other than the owner occupied dwelling or ownership of household furniture by an individual, there is a deduction for tax purposes of the insurance premium paid. This runs from 30% in the small business to 52% in those showing earnings in excess of $30,000. Everybody in that second category has had freedom of action, with the exception of utilities and railroads, to increase prices arbitrarily and everytime they do so, it in some way boomerangs on the insurance industry, because increases in wages result in increases in material costs. This means building and other losses are going to be settled on the basis of the present day cost of the material and labor and not those prevailing in 1953, 1954 and 1955 when

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the premiums were paid and likewise in 1958 and 1959 we will not be able to settle losses in those years on the basis of 1957 prices.

It is in the hope of bringing those into balance and keeping them there that I have made these proposals. In formulating an expedient method for a particular situation such as this, and in determining the adequacy of all rates, it should have been the method in the past and it should be the method in the future to base all reasoning on three simple factors—the total premium income, the losses and expenses incurred, plus a reasonable profit which has been pretty well agreed to be 6%. If the results do not produce this profit and there is a deficit then there must be some adjustments in the rates to produce that result. I realize that there are going to be years in which there will be a deficit which cannot be made up **except in future years.** That where the five year idea applies and over five year periods the total income received should be sufficient to result in a reasonable profit.

• • •

I called attention to a provision in the rating law that had to do with mutual companies. I respectfully suggest to the commissioners that the approval of deviations goes contrary to that provision. So-called deviations must be from rates filed based on the average of many, many companies. The practical medium is usually the rating bureau. We have had since the SEUA decision a cry from the lawyers to the effect that that provided for competition, and if we did not have competition all sorts of things were going to happen to us. This brought about a new use of the words where certain companies were designated as "independent filers." It is my contention that "independent filers" are just as much bound by the requirement that their rates be sufficient to take into consideration the requirement for dividends, savings and unabsorbed premium deposits. This point was clearly made on behalf of the mutuals by Chase Smith at the Atlantic City meeting of National Assn. of Insurance Commissioners. When discussing the effect of the term rule he made the very definite statement that the rating laws were designed to provide a redundancy in rate in favor of the mutuals and he went so far as to say it should be 25%.

Practically every state has some provision in its law allowing for the issuance of participating policies. It was intended, however, that the participating dividends would be based on actuarial standards and would be earned before they were distributed. There has been wide departure from this principle by many states, which have allowed companies to file so-called "participating" policies, which were nothing more or less than flat reductions in the standard rate, and were accepted on the company's statement in advance that they would produce a reasonable profit on some percentage rate less than standard. They were not required to prove it first. Their statement was accepted without any facts, statistics or otherwise.

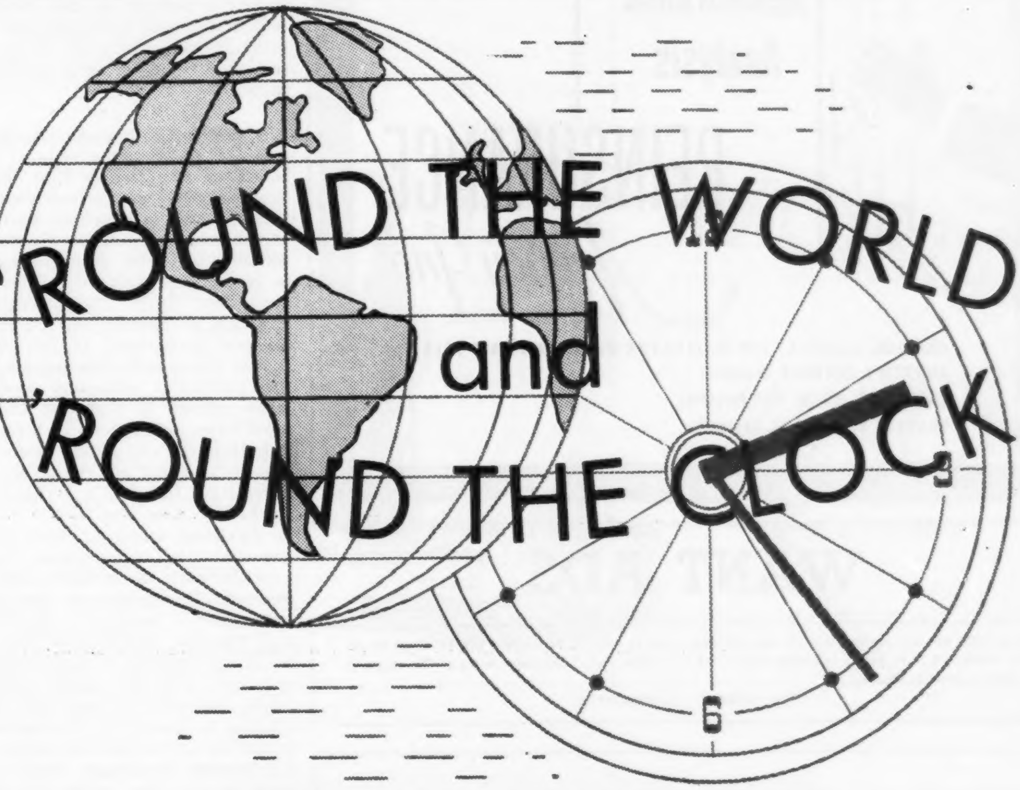
All companies are entitled to protection of the law and the permission to make rates is something that has been given to the industry, not as a right but as a privilege. If there cannot be agreement on some sound fair formula which will apply and which every company will know is uniformly being applied, then some way will have to be found for the impartial making of rates and enforcement of the law. The rule of the majority does not ap-

Expect 1000 Agents To Attend Oklahoma Forums

More than 1,000 agents from all sections of Oklahoma are expected to attend the annual insurance forum scheduled this month in seven cities. The fire underwriters association will

Directing the educational forum for Oklahoma Fire Underwriters Assn. are: From the left, W. K. Williamson, North British, public relations director; W. B. Highleyman, Travelers, president, and W. L. Hollingsworth, Springfield F. & M., forum director.

present one day programs which will cover the commercial property floater, special office contents policy, dwelling package policies, insurance to value, family auto policy, inland marine prospects, farm survey and rating plan, stock company service, and rules and rates. Sixty field men will take part in the program, which begins Sept. 17 at Clinton and will run Sept. 18 at Enid, Sept. 19 at Tulsa, Sept. 24 at McAlester, Sept. 25 at Ardmore, Sept. 26 at Lawton, and Sept. 27 at Oklahoma City.



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ply. Companies belong to rating organizations not as a matter of choice but as a matter of necessity and the law has so recognized it. Unless the companies can agree on some simple program such as I have outlined then there will be only one hope for those who feel that drastic conditions call for drastic remedies, and that is to ask for impartial rate making by impartial bodies who will be beholden to no company or group of companies. While we all do wishful thinking and hope that we would never see the day when rates are made by the state, companies will bring this situation on themselves, unless a pattern is laid down under which any and all companies can receive the full protection of the law and the right to exist in a profitable climate.

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A further philosophy has developed with certain supervisory officials, based on the theory that the SEUA decision demands unrestricted competition, which is in effect that the size of the company and its financial condition are to be determining factors in connection with deviations and independent filings. They attempt to justify this philosophy on the basis that no one is harmed if the rate filed should prove to be inadequate, because the particular company involved is large enough to carry on the experiment even if it results in a loss. There is nothing in any rating law that provides a basis for this reasoning.

We have just had a decision in New York in connection with a rate filing on dwellings which in effect holds that any reduction in expense below the average may be passed along to the insured. This places in the hands of companies a weapon to provide open and ruinous competition, but it will be at the expense of agents and brokers, who will not know where they stand, because the rate will vary according to the whim of every agent or broker as to the rate of commission he is prepared to accept. This takes us back to the days when all kinds of business were conducted according to the law of the jungle, although we have had 75 years of legislation designed to make it impossible for such things to happen. Under these conditions the large companies will be in a position through ruinous competition to create conditions under which small companies cannot continue to exist. The failure of any company whether small or large, is a detriment to the public, who have the right to act in reliance on the belief that all companies are being treated in accordance with the law as it is written. This decision gives a company the right to amend the rating plan, as filed by the bureau, to provide for reductions in rate being passed on to the assured in proportion to the amount of reduction in commission the agent or broker receives below the average shown in the rate filing. While the words used in the decision refer to the over-all expense ratio the hard cold facts developed at the hearing indicate that there was only one item of the expense that would allow for any reduction below the average and that was in the agents commission scale. The door is open and it does not call for any great imagination to see the chaos that will result bringing with it a complete breakdown in regulation to the detriment of the insuring public.

• • •

Supervisory officials have powers to completely protect the public against any inordinate increase in rates. The rating law allows for a review of the rating structure at any time and if it develops that rates are producing excessive profits reductions may be ordered and under the law the companies must refund to the assured the amount of unearned premium represented by the difference in the old and new rate to the expiration date of the policy. On the other hand, while theoretically companies have a right to cancel outstanding policies at any time and for any reason it is not done when rate increases are granted because it would be against public interest and would create so much chaos and confusion for not only the agents and brokers but for the public that it is something the companies must tolerate even though it means that the full effect of rate increases usually takes two years to materialize.

N. C. Controversy Over Who Is To Collect Pension Fund Premium

There is a squabble in North Carolina between agents and North Carolina Fire Insurance Rating Bureau concerning the method to be followed in collecting the 1% addition to the fire and lightning premium authorized by the legislature for support of the state firemen's pension fund.

Commissioner Gold ruled that the companies are responsible for collecting the additional 1%. Agents are supporting him in this position.

However, the rating bureau now has filed its proposal for collecting the money. It would have the additional 1% shown as a separate item on the policy. Agents are objecting, saying this would put the bookkeeping burden on them.

Mr. Gold has called a public hearing on the issue for Oct. 10.

Another controversy is developing from the rating bureau's contention that the additional 1% premium does not apply to fire policies on automobiles. Mr. Gold held that it does.

Six insurers have filed court actions charging that the pension fund act is unconstitutional. No court decision on this can be expected, at the earliest, until spring 1958.

After Mr. Gold said that companies are responsible for collecting the additional premium, some companies instructed their agents to begin collecting the 1%. Few agents complied, Richard Brantley, executive secretary of North Carolina Assn. of Insurance Agents, said. Most declined.

"Some companies have said they will absorb the premium increase," Mr. Brantley explained. "Some have instructed their agents to collect it. Others have said nothing. Until there is some agreement about it, the agents just don't know what to do." He noted that time and trouble were involved in collecting the additional premium plus considerable bookkeeping, and that the law makes no provision for compensating the agents for their work.

At least one group of agents has taken a definite stand on the collection question. Members of Salisbury Insurance Exchange voted to notify their companies that they will not collect the 1% additional premium.

Market Mens Mutual has appointed **Francis J. Holton** director of sales for Wisconsin. He will supervise recruiting, training and advertising.

NOSKER EMPLOYMENT AGENCY
Insurance Specialists 34 Years
California Positions
Property Insurance
All Departments
610 So. Broadway Los Angeles 14

N. J. Assn. Elects Franz And Riddle

(CONTINUED FROM PAGE 5)

the regular manuals. A question and answer period followed.

Concluding the second general session was a discussion of the NAIA advertising program by Franklin E. Schaffer, vice-president of Doremus & Co., New York advertising firm, which developed the program; Mr. Miller, chairman of the NAIA advertising committee, and Mr. DeRoner, chairman of the New Jersey association contributions campaign committee.

Commissioner Howell of New Jersey and Craig Thorn, Hudson, N.Y., president of New York State Assn. of Insurance Agents, were special guests at the dinner-dance capping the first day of the convention.

• • •

Speaking at the dinner, Mr. Howell characterized the agency system as being an important contribution to the American way of life. "The answer to your problems today is to let the public know what you stand for," he said. "Just lip service is not enough—you must let genuine performance of your exclusive services do the talking for you." He also briefly discussed the difficulties encountered by his department in trying to exercise control over insurers not licensed in New Jersey.

Mr. Miller presided at the third and concluding general session on Friday. Mr. Franz spoke on "Road Aid —What It Will Mean To NJAIA Members" and Arthur R. Storm of Storm-Politca Co., Teaneck, N.J., discussed "Living & Selling."

The convention unanimously approved Mr. Franz's recommendation that the state insurers' group adopt the plan. It is expected that it will be operating by next March. Developed initially in Detroit, the plan for helping disabled insured motorists has spread in other areas in the midwest and is expected to be introduced in the east on a wide scale. It has been estimated that more than 500,000 motorists are using the service in the Chicago and Detroit areas alone.

Sidelight to the closing session was a preview of the 1958 midyear meeting and 65th anniversary celebration of the association which is to be held aboard the liner *Queen of Bermuda.*

Awards presented at the convention included the Wilson cup for the most outstanding achievement by a local board—presented to Passaic County association. Second place went to Bergen County association, last year's winner, and third position to Camden-Gloucester association.

American Farmers Mutual Advances Three Officers

Mark Kemper, Charles H. Halsey and Roland E. Swensen have been elected to new offices with American Farmers Mutual of the Kemper group.

Mr. Kemper was elected financial vice-president, Mr. Halsey vice-president and Mr. Swensen treasurer. Mr. Kemper has been with the organization since 1919 and is an officer also of other companies in the group. Mr. Halsey joined American Farmers in 1926 and has been vice-president and claim manager. Mr. Swensen started with the organization in 1926 and is manager of the accounting department. He is also treasurer of Lumbermens Mutual Casualty and American Motorists.

Open New Surplus, Excess Lines Office At Chicago

Philip D. Caplis and John D. Hielscher have opened a new surplus and excess lines office, Caplis-Hielscher Inc., at Chicago. Mr. Caplis has been with Stewart, Smith (Ill.) Inc. and recently resigned as assistant vice-president of Insurance Facilities Corp. of Ill. Mr. Hielscher has been an agent in Chicago.

Insurance and Reinsurance

for experienced attention

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For Brokers • Agents • Companies
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CALL OUR MARINE DEPARTMENT

Here's a TIP for good selling . . . the Tenants Insurance policy . . . just what apartment dwellers and other renters need. The Tenants contract is a broad, salable form—with coverage for contents, personal property, additional living expense, CPL and medical payments.

Remember, for Tenants policies—for any coverage—call on A. F. Shaw for efficient and professional service. You'll like the way Shaw does business.

A. F. SHAW & CO.

SUPER MARKETING FACILITIES

INSURANCE EXCHANGE BUILDING • CHICAGO 4 • WABASH 2-1068

This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these Shares. The offer is made only by the Prospectus.

88,761 Common Shares
(Without Par Value)

Employers' Group Associates

Rights, evidenced by subscription warrants, to subscribe for these shares have been issued by Employers' Group Associates to the holders of its Common Shares, which rights will expire at 3:30 P.M., Boston Time, on September 18, 1957, as more fully set forth in the Prospectus.

Subscription Price $48 a Share

The several Underwriters may offer Common Shares at prices not less than the Subscription Price set forth above (less, in the case of sales to dealers, the concession allowed to dealers) and not more than the highest known price at which the Common Shares are then being offered to other dealers in the over-the-counter market by a dealer not participating in this distribution, plus the amount of any concession allowed to dealers.

Copies of the Prospectus may be obtained from only such of the undersigned as may legally offer these Shares in compliance with the securities laws of the respective States.

MORGAN STANLEY & CO.

KIDDER, PEABODY & CO. *BLYTH & CO., INC.* *HARRIMAN RIPLEY & CO. Incorporated*

STONE & WEBSTER SECURITIES CORPORATION

HORNBLOWER & WEEKS *F. S. MOSELEY & CO.*

PAINE, WEBBER, JACKSON & CURTIS *ESTABROOK & CO.*

TUCKER, ANTHONY & R. L. DAY *SHELBY CULLOM DAVIS & CO.*

September 3, 1957.

Report On First Six Months For All Lines In California

(CONTINUED FROM PAGE 52)

	Premiums Earned $	Net Underwriting Gain or Loss $	Net Investment Gain or Loss $	Increase or Decrease in Surplus $
Allied Amer.	1,410,809	—35,844	115,333	—144,227
Mutual Fire	—	—	—	—
American	—	7,831	9,434	17,266
Farmers	—	15,964	19,032	34,997
American	6,451,494	626,429	209,595	—398,264
Hdw. Mut.	13,067,744	1,177,677	369,034	—935,083
American	2,672,008	274,700	152,384	—12,362
Mfrs. Mut.	5,404,081	468,735	264,669	—132,926
American Mut.	17,442,033	1,389,649	1,755,163	320,475
Liability	—	—	—	—
Arkwright	2,109,812	510,466	169,187	—1,495,986
	4,304,406	1,921,973	300,562	—815,585
Atlantic Mut.	5,850,627	—2,624	367,838	—692,547
	12,155,010	200,444	807,372	—479,116
Automobile Mut.	442,893	172,603	60,905	—248,366
	933,582	301,087	116,245	519,436
Badger Mutual	1,149,462	—2,928	42,944	2,831
	2,355,476	—197,954	85,262	—165,591
Blackstone	3,112,110	866,986	393,379	—1,456,087
	6,645,580	3,313,276	583,672	—610,305
Boston Mfrs.	5,024,733	2,502,636	351,246	—1,493,744
	8,218,663	4,367,698	801,989	—1,042,218
Central Mut.	6,184,736	—493,472	246,197	—1,884,131
	12,874,456	1,399,875	582,082	—536,575
Electric Mut.	1,036,280	187,566	56,074	—487,938
	2,208,541	56,952	115,015	—448,104
Employers Mut.	1,566,523	215,733	60,706	—106,362
Fire	3,075,958	299,827	155,960	—169,663
Employers Mut.	23,687,479	2,046,353	1,197,893	—1,708,022
Liability	48,477,004	3,991,024	2,790,865	—368,765
Factory Mut.	4,026,850	1,133,552	222,904	—1,318,675
Liability	8,420,204	2,360,660	561,134	119,011
Farmers' Fire	423,355	—12,951	32,330	—37,364
	830,982	—12,322	58,278	2,332
Farmers Home	876,713	392,694	35,337	405,137
Mut.	1,730,735	160,394	69,562	174,836
Federal Mut.	375,420	—2,455	15,884	—49,170
	748,762	32,227	32,237	—48,695
Federated	6,788,305	834,235	176,448	—196,558
Mutual	13,624,838	1,876,807	329,856	8,546
Firemen's	4,458,506	937,005	298,806	—1,765,229
Mutual	9,278,439	3,932,428	617,581	—1,000,187
Grain Dealers	4,215,387	589,686	104,893	—177,059
Mutual	8,668,477	760,730	315,803	—552,944
Hardware	4,443,938	1,276,827	113,527	259,738
Dealers	8,868,174	2,040,446	263,913	35,011
Hardware Mut.	16,770,013	—16,131	292,657	—1,761,462
Casualty	33,940,831	499,838	665,399	—2,729,245
Ideal Mutual	836,745	139,984	76,876	—14,394
	1,809.843	94,681	116,044	—2,906,973
Implement	719,858	49,194	15,372	42,452
Dealers	1,463,633	—124,474	44,582	—121,716
Indiana	4,629,187	358,625	178,411	—170,025
Lumbermens	9,438,147	508,215	354,489	—534,134
Industrial	1,717,559	656,531	113,544	—1,123,529
Mutual	2,871,054	1,236,579	252,658	—689,227
International	19,479	7,409	20,742	26,397
Ins. Md.	33,478	16,839	43,901	42,290
Inter-State	550,255	—3,630	9,789	—1,209
Assurance	1,117,169	35,139	21,040	53,443
Liberty Mutual	6,211,551	286,128	313,257	—308,537
Fire	13,225,766	772,794	601,075	—897,748
Liberty Mutual	65,867,825	3,949,768	2,648,993	—1,616,845
	131,565,498	8,512,270	5,377,557	—990,563
Lumbermens	30,673,998	1,061,453	1,263,907	—2,102,382
Mut. Cas.	62,767,562	5,172,419	2,732,798	—772,710
Lumbermen's	3,006,315	342,904	103,529	51,753
Mut.	6,182,940	466,306	186,061	—156,610
Manufacturers	7,013,609	2,172,875	518,637	—4,001,895
Mut. Fire	14,368,152	6,959,865	1,099,334	—805,579
Michigan	2,920,560	—16,802	97,425	—399,410
Millers Mut.	6,163,509	277,027	591,439	—184,780
Michigan	9,275,798	831,030	302,159	341,637
Mut. Liability	20,103,564	1,841,453	626,744	349,158
Mill Owners	1,369,024	132,827	54,553	5,526
Mut.	2,876,389	45,107	104,549	—230,756
Millers Mut.	420,892	—17,846	26,370	—102,249
Fire, Pa.	906,513	77,744	50,009	—91,782
Millers Mut.	2,019,551	263,103	73,960	14,144
Fire, Tex.	4,136,755	3,201	170,149	—331,437
Millers Mut.	1,661,937	260,596	80,230	89,318
Ins., Ill.	3,462,889	388,704	165,632	228,359
Millers	1,468,057	—168,929	59,093	—285,091
National	2,903,974	—115,317	90,032	—234,339
Mutual Benefit	43,719,087	—54,034	1,013,828	693,801
H.&A.	89,739,165	1,752,263	2,183,360	3,483,788
Mutual Boiler	3,336,739	1,619,363	100,120	136,747
& Mach.	6,946,343	3,086,231	149,308	—646,843
Norfolk & Dedham	1,211,279	36,882	40,859	—310,778
	2,444,670	—184,831	130,414	—179,511
Northwestern	12,063,539	858,313	446,606	93,273
Mut. Fire	25,019,862	1,678,632	925,307	284,725
Ohio Farmers	3,368,669	—98,253	107,372	—906,977
	7,223,872	—631,482	237,120	—1,369,574
Oregon Mut.	1,132,568	—44,426	45,054	—146,155
	2,402,969	—30,593	92,709	—227,092
Pennsylvania	2,027,411	189,135	81,829	—261,835
Lumbermens	4,113,960	144,275	166,392	—747,095
Pennsylvania	1,062,141	—51,106	97,111	—137,762
Millers	2,315,507	135,115	174,266	—55,002
Philadelphia	1,038,891	306,875	102,793	—1,198,407
Mfrs.	2,222,045	1,143,816	217,209	—525,381
Preferred Risk	1,937,311	—80,803	56,831	—47,659
	4,078,504	—41,276	101,295	—13,984
Protection Mut.	1,637,979	639,317	112,799	—1,119,452
	3,229,310	1,505,339	253,535	—1,120,934
Security Mut.	5,194,644	305,992	252,093	—69,238
Cas.	10,653,986	230,525	457,852	—192,076
State Farm	75,967,048	—1,749,186	2,563,698	—1,000,907
Mut. Auto	154,564,415	—5,734,075	5,245,120	—4,072,931
Tri-State	363,690	144,930	12,025	—135,378
Grain	814,304	—241,575	23,751	—262,762
Union Mut.	280,277	24,685	8,860	—111,190
	589,271	85,781	17,908	—169,084
Utica Mut.	7,864,583	470,986	313,178	—883,677
	16,154,586	1,240,585	666,738	35,944
Western Millers	628,090	45,770	16,603	—118,025
	1,285,645	—188,509	73,065	—372,918
Workmens Mut.	46,880	—5,558	22,839	39,886
Fire	94,174	—12,131	42,028	63,344
Totals - Mutual Cos.	423,782,538	26,262,657	17,832,435	—29,466,192
Other States	825,121,392	59,073,446	33,691,021	—22,862,382
Accident & Cas.	3,769,360	—233,340	156,236	—353,237
	7,869,164	—315,984	486,626	105,787
Alliance	1,082,733	—282,461	59,979	—371,674
	2,225,654	—318,272	116,510	—313,376
Atlas	1,498,742	—253,147	128,615	—327,362
	3,163,438	—498,306	224,127	—208,404
Baloise-	261,333	—11,185	22,071	22,467
Marine	499,094	—28,159	46,125	222,523
British	601,905	—25,017	45,095	—68,247
America	1,246,703	—78,264	97,251	—42,618
British &	1,742,277	—148,486	103,127	—231,750
Foreign	3,536,173	—235,435	200,232	—208,064
British	245,940	—25,759	46,804	—56,414
General	495,928	—37,752	84,213	—22,021
Caledonian	326,350	98,465	30,899	—100,035
Ins.	329,637	—234,222	51,376	—13,092
Canadian	556,854	—61,965	38,298	—38,835
Fire	1,115,474	—76,512	68,644	—78,930
Canadian	585,537	—53,809	28,030	—60,173
Ind.	1,102,209	—98,463	56,529	—83,959
Car & General	804,143	—59,118	37,607	—55,695
	1,588,062	—211,175	78,029	—89,990
Century	1,260,318	—180,905	119,113	—156,866
	2,487,620	—340,345	246,578	—41,098
Commercial Union	3,948,621	—394,846	290,765	—721,487
	7,782,767	—226,483	578,993	—250,366
Copenhagen Re	972,608	153,077	44,126	205,090
	1,916,567	64,526	97,913	208,783
Eagle Star	931,872	—2,438	63,014	—59,661
	1,773,993	—89,748	152,255	200,686
Employers	16,081,835	—1,124,470	848,504	—4,477,702
Liab.	33,138,188	—891,239	1,673,062	—2,343,684
Genl. Acc. F.&L.	15,365,835	—1,189,200	842,907	—2,551,205
	30,988,980	—1,736,516	1,673,792	—243,579
Guarantee	144,146	46,577	16,806	93,050
of N. A.	276,310	—140,280	29,101	—71,133
Indemnity	240,519	—23,484	22,665	—23,944
Marine	481,825	—47,550	45,699	—66,123
Law Union	317,165	—58,144	160,740	—103,703
& Rock	Not Reported			
L.&L.&G.	6,018,778	—512,957	362,595	—792,712
	12,215,873	—813,323	674,973	—649,837
Lombard	17,678	489	2,282	2,772
	17,737	8,789	5,123	9,166
London &	1,341,929	—281,762	113,535	—543,026
Lancashire	Not Reported			
London	2,676,676	—191,010	141,787	—393,469
Assurance	6,258,869	4,003	291,816	179,381
London Guarantee	5,431,547	—457,531	256,692	—205,424
& Acc.	10,823,015	—963,443	1,251,025	—113,064
Marine	873,723	58,812	60,590	221,975
	1,710,981	83,329	119,650	136,167
Maritime	248,791	—48,210	18,008	—55,370
	495,230	—59,326	33,934	—56,708
Netherlands	437,649	63,433	32,304	32,235
	892,635	—22,609	71,337	45,915
New Zealand	1,418,332	—200,578	425,414	—523,243
	2,701,413	—298,969	852,507	—162,131
No. British	3,054,166	—331,057	109,326	—601,413
	5,928,599	—691,437	208,376	—792,063
Northern	2,790,573	346,363	330,647	251,493
Assurance	5,328,197	—119,744	462,855	—23,779
Norwich Union	1,007,385	—60,399	74,467	57,505
Fire	2,048,445	—379,508	134,142	—234,912
Ocean Acc.	4,795,476	—667,943	330,899	—799,846
	9,282,387	—1,303,678	714,705	—236,075
Ocean	195,033	—3,485	13,457	—29,884
Marine	365,067	—24,657	21,989	—46,759
Pacific Coast	315,079	—45,016	29,563	—11,340
Fire	621,905	—84,651	53,500	—57,442
Palatine	573,860	—60,105	63,241	—180,649
	1,157,167	—88,187	110,314	—80,303
Pearl	2,717,329	—415,786	364,840	50,870
	5,471,111	—779,651	723,984	—105,582
Reliance Marine	261,143	—57,884	19,029	—45,996
	521,659	—65,890	38,361	—24,942
Royal Exchange	1,633,948	—150,366	65,231	—216,823
	3,329,136	—257,471	132,365	—71,964
Royal	6,916,213	—589,552	349,440	—940,598
	14,037,415	—934.728	733,640	—103,851
Scottish Union	1,398,475	—101,619	75,562	—5,120
	2,930,412	—236,630	141,450	—74,550
Sea	1,357,992	—113,412	95,256	—244,205
	2,784,181	—128,700	184,559	—137,924
So. British	223,766	29,996	25,283	—29,159
	403,932	57,258	85,781	51,986
Standard	1,074,016	—241,006	67,501	—521,719
Marine	Not Reported			
Sun Office	2,236,871	—307,314	139,103	—184,841
	4,428,661	—595,352	255,491	—79,198
Switzerland Genl.	1,516,516	—169,135	72,946	—187,153
	3,089,570	—371,062	143,170	—273,259
Thames &	1,056,789	—89,459	65,733	—137,570
Mersey	2,144,698	—142,178	118,126	—95,739
Tokio Marine	173,916	—39,884	15,831	—46,942
& Fire	359,332	—57,487	33,417	—24,521
Union Assurance	573,860	—60,105	52,186	—105,173
	1,157,167	—88,187	95,192	—29,264
Union Society	756,078	—110,048	79,477	—143,879
	1,630,393	—5,123	144,199	111,553
Union Marine	784,470	—177,507	46,872	—141,011
& Genl.	1,643,033	—224,167	124,282	—126,009
Western Assurance	1,133,583	—50,525	73,613	—57,942
	2,345,555	—149,291	140,731	—25,032
Zurich	15,717,869	—2,012,405	724,945	—2,142,500
	33,035,352	—5,061,028	1,522,946	—2,725,795
Totals U.S. Branches	121,467,625	—10,876,638	7,808,080	—18,107,459
Alien Insurers	241,136,939	—19,353,293	15,631,020	—9,155,217
Argonaut Exch.	4,258,842	927,900	87,267	981,290
	8,089,814	946,485	161,784	18,582
Auto Ind. Exch.	45,578	3,038	4,965	7,828
	91,212	—4,045	9,798	5,012
Calif. Cas. Ind.	2,243,250	714,893	149,841	—92,549
	4,607,511	1,191,456	222,288	—20,253
Calif. State Auto.	4,471,277	350,051	139,434	—326,965
	9,230,238	1,174,861	285,165	—293,258
Commercial	79,586	65,220	2,005	103,144
Fishermens	111,478	21,560	4,080	—73,558
Consumers &	61,177	3,956	889	5,217
Distributors	121,944	—4,638	1,779	—2,459
Farmers Exchange	22,084,515	—1,551,902	573,531	—1,986,273
	44,910,528	—2,742,688	1,231,827	—1,576,451
Fire Exchange	1,308,119	—147	27,677	—7,082
	2,678,695	14,617	56,904	8,654
Industrial	—	11,038	3,413	14,451
Ind. Exch.	—	130	17,807	17,937
Auto Club-So. Cal.	5,450,523	286,673	139,789	—645,574
	11,787,624	578,068	263,439	—2,975,258
Teachers Exchange	—	—	—	200,000
	6,085	—9,426	841	190,424
Truck Exchange	7,065,022	—1,159,499	204,490	—688,302
	14,331,066	—1,014,836	403,925	—214,167
Totals California	47,067,892	—348,778	1,333,306	—2,434,815
Reciprocals	95,966,201	151,544	2,659,642	—4,914,796
Affiliated Und.	268,372	44,489	21,128	57,559
	470,437	738	42,854	—56,863
American Exch.	78,517	—5,677	11,156	—5,940
Underwriters	173,383	—8,180	22,692	—3,354
Canners Exch.-	707,440	381,730	41,678	—614,261
Warner	1,142,491	339,677	70,757	—681,011
Casualty Ind.	52,424	—3,634	4,052	—27,028
Exch.	79,917	3,149	6,152	—4,946
Casualty	1,405,330	—17,994	26,142	—33,502
Reciprocal	2,934,846	8,937	51,332	—23,519
Consolidated	1,665,419	34,648	50,394	—15,310
	3,503,393	118,182	98,148	—218,269
Druggists Ind.	8,796	—5,218	1,926	—3,500
Exch.	18,985	—1,260	3,902	2,613
Fireproof-	28,874	—9,218	4,360	—9,582
Sprinklered	68,498	—10,863	8,735	—12,308
Individual	127,515	—11,883	15,796	—14,354
Underwriters	285,868	—15,157	31,532	—28,339
Lloyds, N. Y.	47,944	29,092	7,806	59,984
	95,301	12,321	81,376	—243,505
Lumbermens Und.	1,420,294	755,609	64,621	251,710
Alliance	3,109,688	1,175,239	127,650	259,756
Mfrs. & Wholesalers	327,991	117,201	8,786	129,212
	656,613	188,408	20,220	162,558
Metropolitan	77,418	—6,807	10,535	—7,540
Inter-Insurers	172,256	—9,403	21,393	—10,564
New York	111,687	—9,267	14,198	—11,013
Reciprocal	248,423	—12,726	28,329	—21,277
Preferred Exch.	363,140	—32,493	4,772	—24,530
	725,120	—40,247	9,259	—51,117
Reciprocal Exch.	228,196	55,212	6,904	28,176
	497,138	106,192	13,709	50,648
State Auto &	2,863,453	—95,718	82,671	—89,422
Cas. Und.	5,777,138	—140,357	165,979	—8,180
Underwriters Exch.	56,140	34,628	6,111	—8,697
	83,115	40,166	13,254	—28,710
United Services	7,705,545	1,972,946	122,904	—20,104
Auto	15,694,601	4,057,563	295,099	406,338
Universal Under-	1,586,150	488,258	20,211	—77,995
writers Exch.	3,190,978	1,207,024	42,711	139,939
Warner Recip.	376,607	25,932	9,886	—100,773
Insurers	624,469	49,820	19,960	—78,580
Totals Reciprocals	19,507,262	3,741,836	536,046	—536,914
Other States	39,552,666	7,069,224	1,175,052	—453,694

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